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Building Better Reports

Public Performance Reporting Practices in British Columbia

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National Library of Canada Cataloguing in Publication Data

British Columbia. Office of the Auditor General.

Management of the information technology portfolio in the Ministry of Attorney General

(Report ; 2001/2002: 5)

ISBN 0-7726-4673-2

1. British Columbia. Ministry of Attorney General-Evaluation. 2. Information technology -Government policy-British Columbia. 3. Finance, Public-British Columbia-Accounting. 4. Electronic government information-British Columbia. I. Title. II. Series: British Columbia. Office of the Auditor General. Report ; 2001/2002: 5.

JL429.5.A8B74 2001 353.4'238'09711 C2001-960301-0

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The Honourable Claude Richmond
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my 2001/02 Report 3: Building Better Reports: Public Performance Reporting Practices in British Columbia.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
November 2001

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

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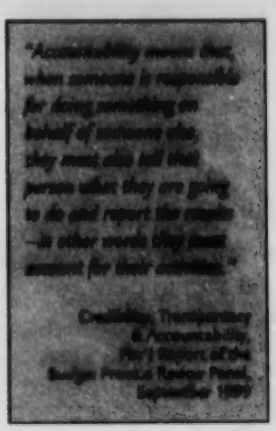
auditor general's comments

Legislators and the public should receive the best information possible for assessing the performance of government.

This is a key goal of my Office and one that I believe is consistent with the government's vision for British Columbia. Ultimately, my objective is to provide legislators with audit assurance about the relevance and reliability of the performance information government provides. I plan to start doing this in 2003. In the meantime, organizations are learning how to manage for results, how to monitor and measure their performance, and how to publicly report on their planned and actual results in a meaningful way.



That's why I chose to carry out a *review*, rather than an audit, of the plans and annual reports of ministries, government organizations and government as a whole. To be critical in a public way of their efforts—and that would be the likely outcome of an audit of these plans and annual reports—would be counter-productive right now. I want organizations to do well in their reporting. I want them to provide legislators and the public with meaningful information about their performance. And I believe I can help that process by carrying out a general review of their plans and reports, and making known the better reporting practices that can be followed.

To gain an understanding of the quality of reporting being carried out by government, and to establish a baseline for reviewing reports in future years, I asked my staff to review a number of 2001/02 to 2003/04 performance plans as well as 2000/01 annual reports. These documents, representing the work of the previous government, are the most current plans and reports available. My objective in carrying out this review was two-fold: (1) to help legislators assess the quality of the information they receive; and (2) to provide ministries and government organizations with information on best practices already underway in British Columbia and elsewhere.

I wanted to conduct this work in a constructive way. That's why I chose not to make public the reporting practices of any one organization here unless to highlight it as a positive example. In addition, my Office met with individual organizations, at their request, to discuss our detailed assessments of their particular plans and reports. At least two have gone so far as to conduct self-assessments, using our criteria.

Overall, most of the plans and reports we reviewed were well presented, but no one plan or annual report was completely satisfactory overall. That none of the documents we assessed was picture perfect is not a significant concern—yet. Organizations are at different points on the spectrum for measuring and managing performance, and this inevitably will be reflected in their reporting. We expect the quality of reporting to improve with experience, the sharing of information and greater familiarity with expectations.

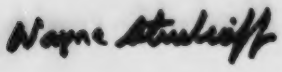
Generally, organizations described adequately the public purpose they serve and their high level goals and objectives. We expected few problems in this area —organizations should be able to explain what they do, why they do it and how it's done. Where necessary, organizations could make improvements easily in this area by incorporating some of the better practices we've highlighted.

Our expectations for how organizations would measure their performance were somewhat lower, given that for many this is a relatively new and demanding activity. As it turns out, organizations were challenged to describe how they measured their success in achieving their goals and objectives, how their targets for performance were developed, and what costs were associated with planned and actual results. While we cite positive examples in our report, we also recognize that it may take time for organizations to develop the capacity to effectively manage and report on their performance.

I realize that since these performance plans and annual reports were issued much has changed. For one, the new government, elected in May 2001, has brought with it a different set of priorities and policies. As well, the Budget Transparency and Accountability Act, which requires public plans and annual reports from government and

its organizations, has since been strengthened and the language changed. Now the legislation requires ministries and government organizations to prepare service plans and annual service plan reports, effective for the 2002/03 fiscal year.

Knowing the changes that have taken place, some people might ask why I bothered with this review. Why not wait until the service plans and annual service plan reports of the new government are published a year from now? The answer is simple. I can help influence better performance reporting in the future by commenting on the quality of the reporting now. I can provide those who must prepare the service plans and reports with suggestions on how to improve their reporting practices before they issue next year's service plans. And I can help those who use such plans and reports to do so with a critical eye, asking key questions about the information that has (or has not) been provided. In short, I believe my assessment of these plans and annual reports will help ensure that legislators and the public receive the best information possible for assessing the performance of government.



Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
November 2001

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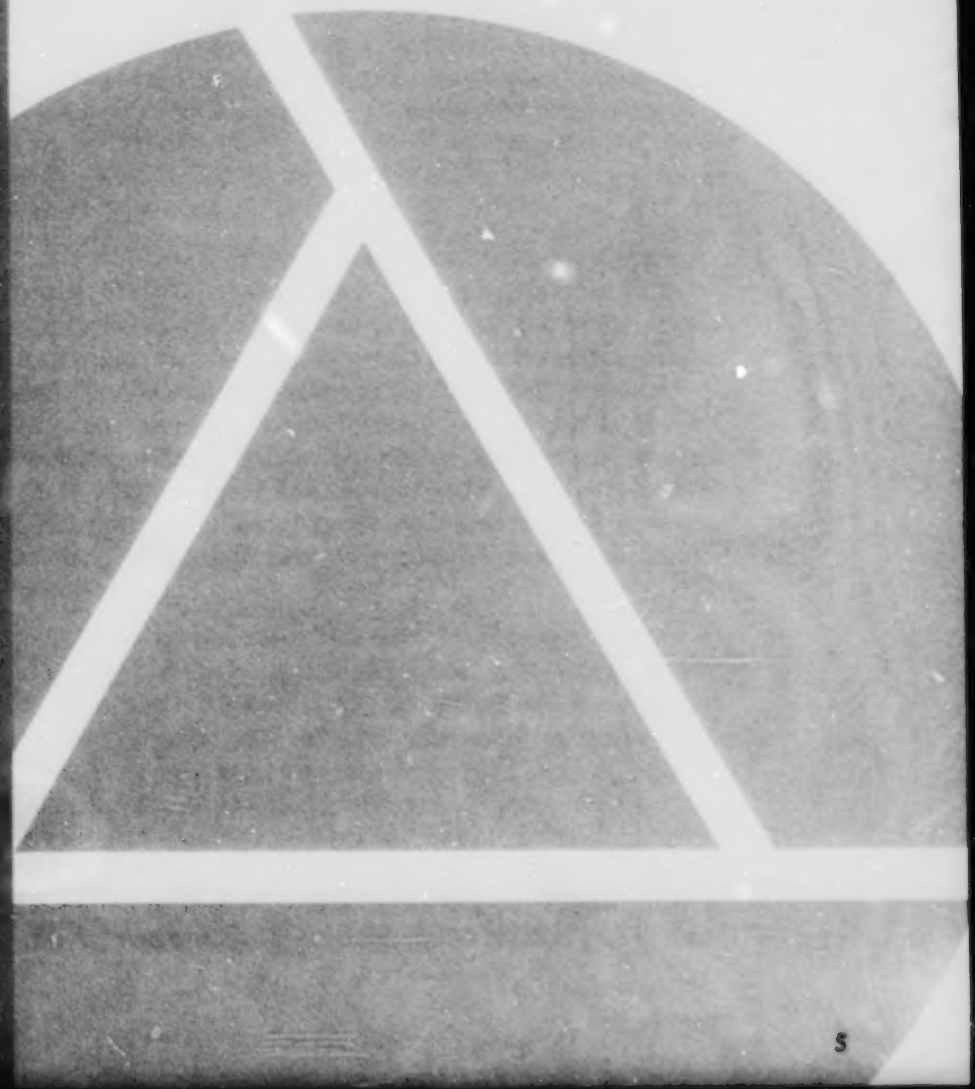
summary



summary

Introduction

In 1999 the Budget Process Review Panel, chaired by Douglas Enns, released its report "Credibility, Transparency and Accountability—Improving the B.C. Budget Process." Among other things, the panel's recommendations were aimed at improving government's accountability for results. The recommendations were reflected in the Budget Transparency and Accountability Act (BTAA)—pivotal legislation in British Columbia. With its passage in July 2000, the Province joined a growing number of jurisdictions that think governments should tell their publics what they plan to do, and what they've actually achieved, in a clear and meaningful way.

The Act called on ministries, government organizations and government as a whole to provide the same degree of transparency, credibility and accountability—and to do so in a much more rigorous manner than before. Although the Act was not yet fully in force, ministries and Crown corporations did issue 2000/01 performance plans against which they subsequently reported. A year later, they also produced three-year performance plans for the 2001/02 to 2003/04 period, as required by the Act.

We assessed these plans and reports with the simple objective of influencing future reporting by learning from past experience. We acknowledge that with the recent election of a new government, the documents we reviewed no longer reflect the plans and priorities of the day. Nonetheless, we believe much can be learned by assessing the quality of the reporting provided to date. In doing so, our concern was not to determine whether organizations had focused on the right issues or pursued the right policies; it was to determine whether organizations had adequately informed their publics about their performance.

The new government has indicated through its actions that it supports the Budget Transparency and Accountability Act. It has also amended the Act to strengthen several of its provisions. For example, ministry plans and reports (redefined as "service plans" and "annual service plan reports") must now include accountability statements from the responsible minister, and specified government organizations will be required to hold public meetings to present their annual service plan reports. However, these and other amendments to the Act will not apply until the 2002/03 fiscal year—that is,

the service plans will not be made public until late February 2002 and the annual reports made against these plans will not be public until the summer of 2003.

So what can be learned from the quality of current reporting that will help improve future plans and reports? How informative are the current plans and reports? How well have government and its organizations explained what they intend to achieve and what they have achieved?

These are important questions to ask because information about intentions and results is meant to serve both government and the Legislative Assembly. For government, these plans are the primary vehicle through which to set measurable priorities, forecast the resources and policy direction needed to meet its objectives and, ultimately, establish the basis for assessing performance. Setting out publicly the intended and actual results of government's efforts is also an important means of achieving the goal of open and accountable government. For the Legislative Assembly, these plans and reports provide

Performance Reporting: Toward Guiding Principles

British Columbia is not alone in attempting to build better reports. Other jurisdictions strive to explain, in a meaningful way, the plans and actual achievements of their governments. Across Canada, work is underway to establish a set of reporting principles to guide such efforts. In 1999, for example, CCAF-FCVI Inc.* launched its Public Performance Reporting Program. Working closely with those in the public sector across the country, CCAF has identified the following principles to help guide governments in their performance reporting.

Good performance reporting to Canadians should:

- Be reliable, fair, timely and consistent.
- Focus on the few, critical aspects of performance.
- Link goals and achievements.
- Link resources, strategies and results.
- Present results in the context of capacity, risks and other factors.
- Present comparative information.
- Disclose key reporting judgements.

This work is evolving, but the basic concepts are there. The next step is to confirm with legislators that such performance reporting principles, if adopted and followed, will meet their needs.

At this stage, we believe that Members of the Legislative Assembly in British Columbia have a great opportunity to influence the development of these principles—principles we think will soon gain widespread acceptance and use across the Canadian public sector. We plan to encourage a discussion of the reporting principles with the Select Standing Committee on Public Accounts and the Select Standing Committee on Crown Corporations.

**CCAF-FCVI Inc. is a Canadian non-profit research and educational foundation that supports effective governance, management and audit. For more information, contact 613 241–6713 or www.ccaf-fcvi.com/*

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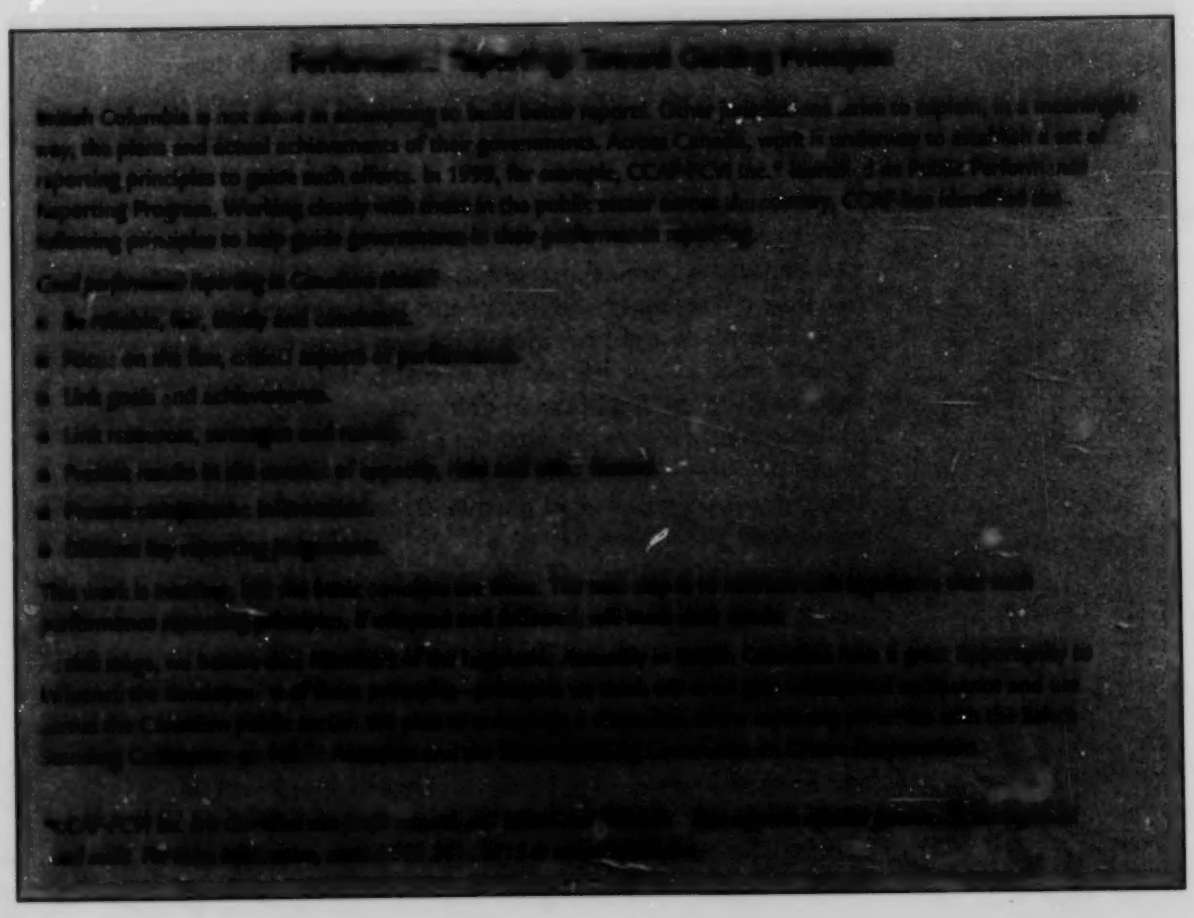


Members with an important way of informing themselves of the business and performance of government. A well-informed Assembly can better serve the public it represents if it has the information it needs for meaningful public debate, decision-making and accountability.

Focus of Review

Our assessment of the plans and annual reports of ministries, government organizations and government as a whole was based on a general review rather than an audit. Therefore, we did not assess the relevance or reliability of the data presented. An audit would have required a much more rigorous and demanding approach, leading to an audit opinion about the quality of the data, and would have been premature.

Our objective was to determine if sufficient, appropriate information had been provided to assess the performance of organizations. We didn't want to be prescriptive and set out step-by-step instructions for how to write a service plan or report. Each organization will find its own way of telling its performance story. Indeed, we encourage innovation in reporting. Rather, we developed a set of statements or questions that describe what a good plan or report should tell the user about an organization's performance.

As we carried out our review, we continually asked ourselves: "How informative is this organization being?" We assessed the extent to which the ministry or government organization in question showed the reader clearly what public purpose it served and how it carried out its role, and what its intended results were and the extent to which it achieved them. We also expected all organizations to demonstrate that they were transparent and credible in reporting their results, and describe their capacity to maintain or improve results in the future.

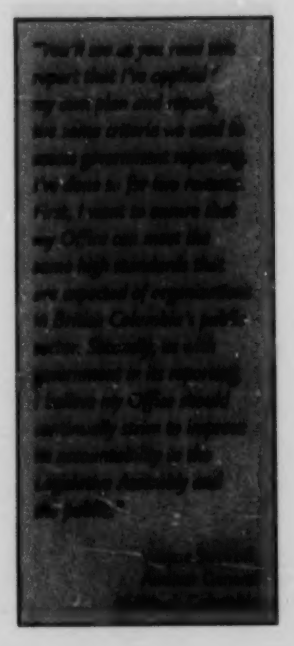
We set out these expectations in the form of four key questions, and established for each one a number of criteria to help focus our review. Our criteria were developed from a number of sources: the requirements of the BTAA, principles emerging from the Enns Report, CCAF-FCVI Inc., and a 1996 report entitled "Enhancing Accountability for Performance: A Framework and an Implementation Plan," issued jointly by the Auditor General and the Deputy Ministers' Council and endorsed by the Public Accounts Committee of the Legislative Assembly. (Further information about our approach, as well as the questions and criteria we used, are summarized in Appendix A.) In the plans and annual reports, we assessed

the extent to which organizations had met each of the criteria under the four questions.

We did not examine the underlying performance behind the plans and results that were reported—that is, we did not determine whether organizations were also *managing* for results. It's possible that organizations have done a reasonable job of *reporting* on their intended and actual results, yet not be managing for results. The converse is also true. An organization may not have been particularly informative about what it plans to do and what it has actually accomplished, yet have done a good job of actually managing its programs and services.

So why do such a review? We believe the plan and annual report are key accountability documents, and this view is supported by the Budget Transparency and Accountability Act. As such, organizations should clearly understand the information needs of legislators and the public, and strive to provide this. At the same time, legislators should be cognizant of the challenges in public reporting, and be prepared to assess such plans and reports with a critical but constructive eye. We hope our review, and the questions and criteria we used, can go some way to serving government and legislators alike.

Expectations For Our Criteria



In assessing the various plans and annual reports, our intent was to help government improve the quality of the reporting it provides to legislators and the public about its intentions and its results. That's why, as we carried out the review, we tried to put ourselves in the mindset of a newly elected Member of the Legislative Assembly—an intelligent, interested and diligent reader with a good general understanding of the British Columbia public sector, but with perhaps little specific knowledge of individual ministries and government organizations.

Organizations are approaching accountability reporting from very different starting points, and some have come a long way in a short time. It's important to note that we didn't expect organizations to fully meet all of our criteria at this time. The criteria we've developed represent a framework that we believe organizations should work towards. A framework, it should be added, organizations didn't have available to them when they prepared their 2000/01 annual reports and 2001/02 to 2003/04 plans. Organizations have varying degrees of capacity to adapt to these new requirements. We've heard this from various organizations and know, from our own

experience as a small office, that it's true. Consequently, there were some areas where we expected organizations might not do well in their plans and reports, and this was borne out by our review.

In preparing their 2000/01 annual reports and 2001/02 to 2003/04 plans, ministries and government organizations did have central agency support. Guidelines provided to ministries by Treasury Board Staff, and to government organizations by the Crown Agency Secretariat, outlined the background to the development of the Budget Transparency and Accountability Act, defined a basic framework and key terms, gave direction on the performance measures and targets to be used, and clarified publication requirements. As well, the guidelines set out the minimum content expected in the plans and reports—a minimum that organizations were also encouraged to exceed.

While there were very few areas where our criteria differed from the guidelines provided by central agencies, there were some variances. For example, we thought that ministries and government organizations should give readers a sense of the reliability of the performance data provided, thereby enhancing the credibility of their information. We also hoped they would have set out baseline and trend data, providing context for their performance targets and actual measures. This assumes that organizations have baseline and trend information to report—something organizations with no history of performance measurement would not yet have developed.

In terms of financial matters, we looked for costing information related to an organization's goals and objectives. Where such information was not yet available, we thought organizations should at least disclose the actual and estimated costs of their major program areas or lines of business. We also thought it important that organizations report on their financial situation, explaining their funding sources as well as their financial condition and position.

We believed completeness was an important issue as well. Many of the government's programs and services are not delivered directly through its ministries, but through transfer payment arrangements with institutions such as schools, colleges, universities and health authorities. Where this was the case, we expected the organization in question to provide results information about the system for which it was responsible, as well as information about its own operations.

And, finally, we expected organizations to explain the values by which they carry out public business and, to some extent, how they apply these values throughout their operations.

We believe the issue of values is important because, in the pursuit of the public interest, it is not just the results that matter, but how those results are achieved.

Plans and Reports Reviewed

It would have been ideal to review the plans and reports of all ministries and government organizations, but this was simply not possible. Instead, we selected a number of ministries and Crown corporations and one agency for review, focusing on their 2000/01 annual reports and related plans, as well as on their 2001/02 to 2003/04 performance plans. (The 20 organizations included in our review are in listed Appendix B.) We also examined the 2001 to 2004 strategic plan of government, the March 2001 Budget Reports, and the Estimates for 2001/02.

In reviewing the annual reports, we looked for links to the related plan. In a sense, we examined them as a package, though our primary focus was on the annual report. We also gave leeway to those who were late in reporting. Rather than exclude such reports from our analysis, we included them if they were publicly available before the end of August 2001. The 2000/01 annual reports for three organizations were unavailable at the time of our review: the Ministry of Education, the Ministry of Children and Families, and the British Columbia Lottery Corporation.

Findings

None of the organizations we reviewed did well in all of the areas we assessed. However, some did well against some of the criteria. We found examples of good reporting that we've highlighted in the detailed report for the benefit of every organization.

We found that organizations we reviewed did well in explaining the purpose they serve and how they carry out their role. Descriptions of mandate, mission and purpose were the strongest elements of the plans and reports. We also found that basic information was generally provided about the governance and operational structures in place, as was a description of issues in the organization's external operating environment—although many organizations did not clearly describe how they were responding to the risks and challenges they faced. The values of organizations were less well described and incorporated throughout the plans and reports. As part of this discussion, few organizations explained the legislation governing their behaviour.

Check Out These Plans and Reports

We can't point to any one plan or annual report as an example of best practice in all the areas we reviewed—no one achieved a "gold medal," in other words. However, as can be seen from the examples we've cited in the detailed report, certain aspects of some plans and reports stand out. Among them:

Plans	Annual Reports
Ministry of Health	Ministry of Forests
Ministry of Children and Families	British Columbia Hydro and Power Authority
Ministry of Transportation and Highways	Ministry of Health
British Columbia Ferry Corporation	Insurance Corporation of British Columbia
Ministry of Forests	British Columbia Housing Management Commission

We found organizations were more challenged when it came to explaining what they intended to do, and what they actually did, over the course of the year. While several organizations clearly identified their goals and objectives, for example, almost as many did not. Moreover, about half of the 2001/02 to 2003/04 plans we reviewed did not cover the three-year timeframe required by the Budget Transparency and Accountability Act.

The most problematic area overall for organizations was in establishing performance measures and targets. While most organizations did identify performance measures, often these focused on inputs and processes rather than on outputs and outcomes. Few organizations provided targets or adequate baseline and trend data to put their targets (and performance) in context. Reasons for shortfalls in performance were seldom explained.

Financial information was provided in most reports, as was background material to help readers understand the particular organization's financial performance. Nevertheless, key financial information was sometimes missing. Several plans, for instance, did not include current-year operational budgets, while several annual reports did not include actual financial performance against a budget. Few organizations associated costs with their goals and strategies, and most did not provide three-year projections of revenue and expense in their plans.

On a more positive note, we found that the performance plans and annual reports were, almost without exception, easily found on organizations' websites. Generally, annual reports were fair and balanced, although there was a tendency for significant challenges or weak performance to be down-played or ignored. Almost all organizations could have done

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On a more positive note, we found that the performance plans and annual reports were, almost without exception, easily found on organizations' websites. Generally, annual reports were fair and balanced, although there was a tendency for significant challenges or weak performance to be downplayed or ignored. Almost all organizations could have done

a better job of describing the quality of the data they presented. Finally, few of the plans and reports we reviewed addressed organizations' current capacity or outlined strategies for ensuring continued operations in the long term.

Looking Ahead

Legislators should expect the quality of public reporting in each of these areas to improve over time. There are good reasons for thinking this will happen. Treasury Board Staff and the Crown Agencies Secretariat have taken an active role in providing guidelines and workshops, organizations are sharing their experience in planning and reporting, and examples of good practice are being made available through reports such as this.

But there are other factors at play. The Premier of British Columbia has made it clear that the plans are an important statement outlining the outcomes that each Cabinet member commits to achieving. With the amendments to the Budget Transparency and Accountability Act, ministers are now accountable for the basis on which ministry plans are developed (including the specific objectives to be met) and for the results that are attained. Each plan and report of a ministry must contain an accountability statement from the minister responsible. Specified government organizations must conduct public meetings to discuss their annual service plan reports. As a result of other amendments to the Act, the plans of ministries and government organizations will also be more closely tied to the budget process. Crown corporation plans and annual reports will be referred to the Legislative Assembly's Crown Corporation Committee.

Taken together, these factors provide great incentives for ministries, government organizations and government as a whole to steadily improve the quality of their reporting. We're confident that the Legislative Assembly and the public can expect to see more informative reports in the near future.

What We Recommend

We want to encourage all ministries and government organizations, as well as the government as a whole, to provide legislators and the public with informative plans and reports. This report summarizes our key findings in a number of areas and provides numerous examples of organizations in British Columbia and elsewhere that have done a good job of reporting.

1. ***We recommend that all ministries, government organizations, and government as a whole:***
   a. ***Use our criteria as a self-assessment tool to identify the strengths and weaknesses of their plans and reports.***
   b. ***Draw on the examples we have cited when they develop their plans and annual reports.***
2. ***We recommend Treasury Board Staff and the Crown Agency Secretariat incorporate our criteria in the service plan and annual service plan report guidelines they provide.***
3. ***We recommend that the Crown Agency Secretariat provide direction to Crown corporations on the issue of reporting where disclosure to do so might be harmful to the organization.***

These recommendations alone will not guarantee better plans and reports. In many cases, organizations may be limited by their capacity to do proper planning, monitoring and reporting. Identifying the few, critical performance measures that will adequately demonstrate an organization's performance is much more difficult to do, for example, than explaining its public purpose. That's why we recommend that:

4. ***The government support organizations in building their capacity in such areas as:***
   a. **Three-year planning.** ***The Budget Transparency and Accountability Act requires organizations to provide plans covering a three-year period. Traditionally, however, organizations have been called to account for operations on only a year-to-year basis. This is an area in which few organizations did well in our review.***
   b. **Performance targets and measures.** ***Many organizations tended to focus on inputs and processes, rather than on results. Some did not link their measures with their desired outcomes and goals. As service plans become key tools for managing outcomes, it will be critical that organizations not only focus on results, but also identify the "right" targets and measures to support their goals.***
   c. **Reliability of data.** ***All data have limitations, but by providing an indication of their source and reliability, organizations can help ensure its proper use. Stating the authoritative sources for the data, for example, will enhance its credibility. Given that few organizations did well in this area, more support and guidance should be provided.***

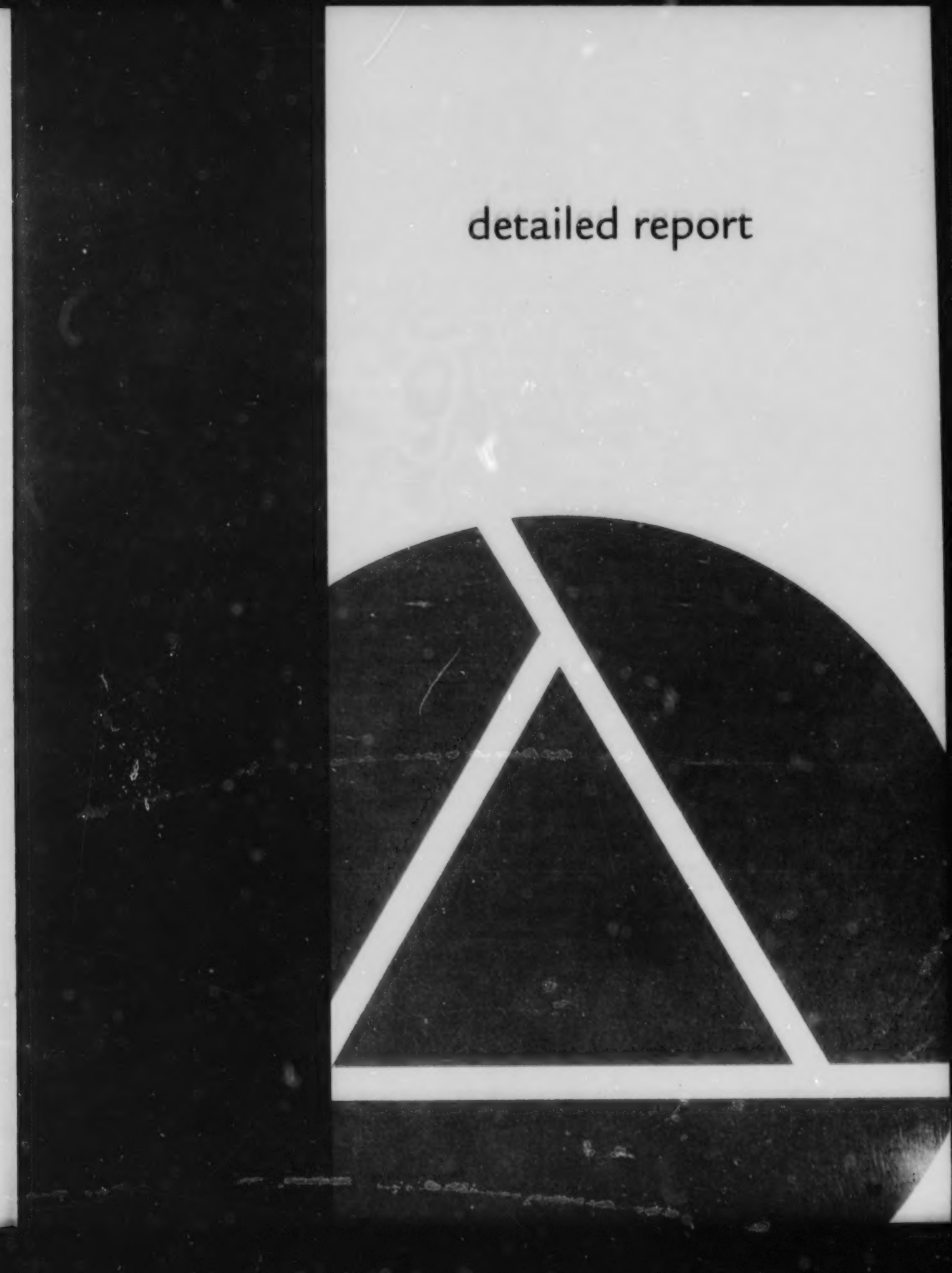
d. Linking costs to goals. ***Linking costs to goals and objectives or, at the very least, to major program areas or lines of business, is another key area where organizations need to do better.***

We've stressed in this report that legislators, too, have a role to play when it comes to the plans and reports of government. We've suggested that they can help influence the quality of the reporting they receive. In particular:

5. ***We recommend that legislators take an active role in the development of performance reporting principles for the public sector. We are willing to work with Members of the Legislative Assembly and CCAF-FCVI Inc. on this, particularly as CCAF meets with legislators across Canada to discuss the reporting principles developed to date.***

6. ***We recommend that the Budget Transparency and Accountability Act be amended to require the Auditor General to comment on the fairness and reliability of the information that ministries, government organizations and government as a whole provide in their reports.***

detailed report



performance plans and reports —how informative are they?

The Government-wide Plan and Report

The Budget Transparency and Accountability Act, passed in July 2000, introduced legislative changes to the process of budgeting, planning and reporting in government in British Columbia. Its intent was to provide greater openness, transparency and accountability to the public and the Legislative Assembly. Not only were ministries and other government organizations directed to be more public about their intentions and results, but also government as a whole was required to be similarly open. The Act called on the government to set forth its strategic plan for the Province and to report annually against this plan.

In 2001, the newly-elected government in British Columbia introduced amendments to the Act. Much as before, the government must issue a strategic plan (setting out its priorities, specific objectives and expected results) plus a three-year fiscal forecast, prior to or when it presents its main estimates to the Legislative Assembly. Subsequently each year, the government must also make public an annual report that compares its actual results with its expected results. These requirements first apply for the purposes of the 2002/03 fiscal year. This means that the first strategic plan of the current government will be available in early 2002.

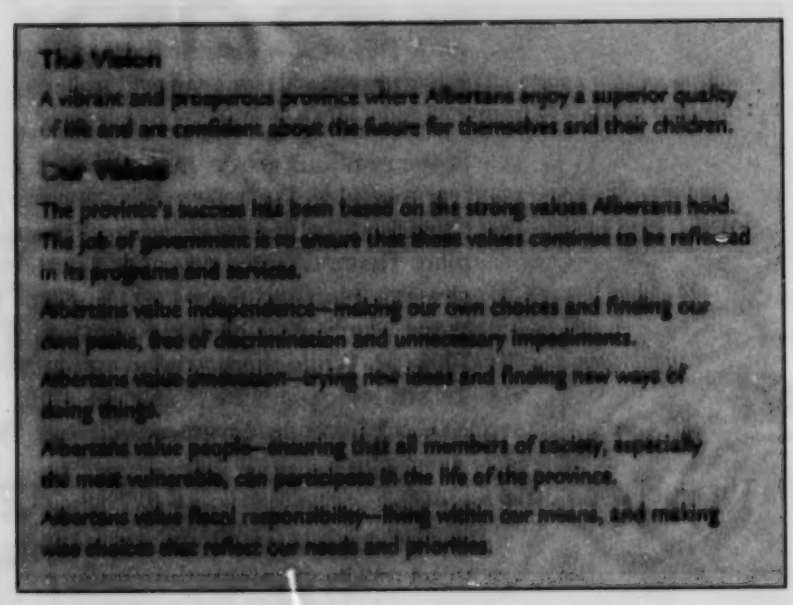
As we started our review, the 2001 to 2004 strategic plan of the previous government, entitled *Choices for Today's Families*, was available. We believed an examination of its contents would provide valuable lessons when preparing the 2002/05 strategic plan. That's why we proceeded with our review of the 2001/04 strategic plan and the related financial information contained in the March 2001 Budget Reports and the Estimates for 2001/02. While there was no annual report associated with the strategic plan, the Public Accounts for the Province for the 2000/01 fiscal year were available.

Is The Public Purpose Clear?

A strategic plan provides an opportunity for government to set out its vision for the Province, to explain how it sees its role and place in British Columbia, and to publicly commit to the values by which it will abide.

We reviewed the 2001 to 2004 strategic plan from this perspective. What was important to the government—the issues it held most dear—could be ascertained in the description of its priorities, but the plan did not explicitly describe the government's vision for the Province. While the previous government's priorities were clear, they were not set out in the context of its operating environment—the conditions or challenges that, at the time, were facing the Province over the next few years. Moreover, the way in which the government delivers its programs and services (through ministries, Crown corporations and other government organizations) was not apparent. The plan did make specific reference, however, to one act governing its behaviour: the Budget Transparency and Accountability Act.

The notion that government should set out its strategic plan is not new, and examples can be taken from elsewhere. Oregon's state-wide plan, *Oregon Shines II—A Report to the People of Oregon, 1997*, is an updated version of its earlier strategic plan. In it, the vision is described this way: "A prosperous Oregon that excels in all spheres of life." Similarly, Florida, in its 2001 to 2006 Strategic Plan for Economic Development, sets out as a vision statement: "Florida is a global leader in knowledge-based jobs, leading edge technology and competitive enterprises in traditional and new businesses in the 21st Century." Alberta goes further by including in its 2001 to 2004 Business Plan the following:



The Vision

A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.

Our Values

The province's success has been based on the strong values Albertans hold. The job of government is to ensure that these values continue to be reflected in its programs and services.

Albertans value independence—making our own choices and finding our own paths, free of discrimination and unnecessary impediments.

Albertans value innovation—trying new ideas and finding new ways of doing things.

Albertans value people—ensuring that all members of society, especially the most vulnerable, can participate in the life of the province.

Albertans value fiscal responsibility—living within our means, and making wise choices that reflect our needs and priorities.

What Were the Intended and Actual Results?

The strategic plan should explain what the government wants to accomplish in the future—in terms not just of its priorities, but of the actions and strategies it will take in support of its goals and objectives.

The 2001 to 2004 strategic plan did set out a series of goals with a mix of objectives and strategies combined. In many cases, the strategies for achieving these goals were actually described under "targets." But, because no discussion of the conditions and challenges facing the Province preceded the section on goals and objectives, it was hard to understand why planned actions were being taken.

The strategic plan also identified a number of targets for each of the goals. The targets varied in their quality, ranging from quantitative measures, such as "Reduce inappropriate acute hospital admissions by 10%," to statements of activities such as "Protect areas representing the range of provincial ecosystems." No context (for example, trend data) was provided in the plan to help readers understand how and why these particular targets were chosen.

Oregon's strategic plan does include such information as part of its benchmarks, as shown in Exhibit 1 on the next page.

Comparative information is provided in Florida's strategic plan. For example, the "Key Comparative Benchmarks" section of the plan reviews some of the benchmarks in terms of the state's performance, as well as that of its regional competitors, national competitors and the U.S. as a whole.

The B.C. Progress Board

In July 2001, the government established British Columbia's first Progress Board. The board, an independent panel of 15 senior executives, has two mandates: (1) to advise the Premier on policies, strategies and actions that will improve the performance of the provincial economy and its social policy supports; and (2) to provide advice on whether the Province is achieving its goal of improving B.C.'s competitive position. In support of this, the board will:

- establish an ongoing means to measure and benchmark economic progress over time and relative to other jurisdictions;
- identify measures to track the province's performance in other areas such as health, education and environmental protection; and
- identify issues of importance to the future prosperity of British Columbia.

We reviewed the 2001 to 2004 strategic plan from this perspective. What was important to the government—the issues it held most dear—could be ascertained in the description of its priorities, but the plan did not explicitly describe the government's vision for the Province. While the previous government's priorities were clear, they were not set out in the context of its operating environment—the conditions or challenges that, at the time, were facing the Province over the next few years. Moreover, the way in which the government delivers its programs and services (through ministries, Crown corporations and other government organizations) was not apparent. The plan did make specific reference, however, to one act governing its behaviour: the Budget Transparency and Accountability Act.

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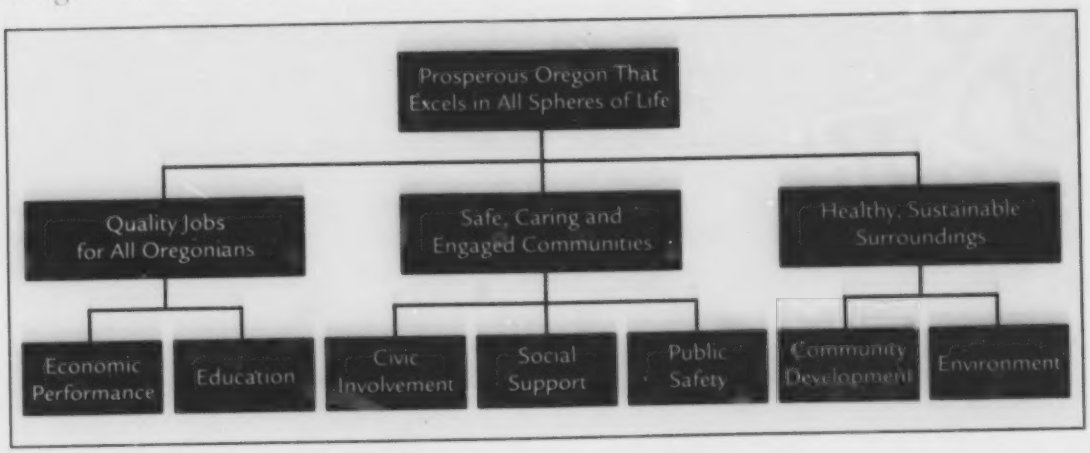
Exhibit 1

Oregon Shines Goals and Benchmarks



Oregon Benchmarks (Extract)

Education	1990	1991	1992	1993	1994	1995	1996	2000	2010
KINDERGARTEN THROUGH 12									
22. High school drop out rate	6.6	6.5	5.8	5.7	6.6	7.4		5.7	4.6
23. Percentage of 8th graders who achieve established skill levels									
a. Reading		86%	84%	82%	87%	87%	89%	92%	100%
b. Math		75%	84%	83%	83%	84%	84%	89%	100%
Percentage of 3rd graders who achieve established skill levels									
a. Reading		86%	89%	89%	90%	89%	93%	95%	100%
b. Math		75%	84%	85%	84%	85%	86%	90%	100%
Percentage of high school students that have completed a structured work experience, including a practicum, clinical experience, community service learning, or school-based enterprise program					9%	13%	21%	65%	100%

Source: Oregon Shines II: A Report to the People of Oregon, January 21, 1997, State of Oregon

We looked as well for financial information as part of the government's planning efforts for the Province. This requirement is also set out in the Budget Transparency and Accountability Act, which calls for a fiscal forecast for the year in which the Estimates are presented and for the following two fiscal years. While no financial information was included in the strategic plan, we did review the March 2001 Budget Reports which contained the revised financial forecast for 2000/01, a financial plan for the same year, and a three-year fiscal plan. We also examined the Estimates for 2001/02 and the Public Accounts for 2000/01 in terms of the financial reporting provided by the government.

We found that the Estimates were not presented on a consistent or comparable basis with the summary financial statements for the Province, making it difficult to compare the dollars actually spent to the budget. As well, important financial indicators were not reported in the Public Accounts. We've previously suggested that such indicators as net liabilities to Gross Domestic Product (GDP), own-source revenue to GDP, and government-to-government transfers to own-source revenue be reported.

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Financial Reporting

The Auditor General reports extensively on issues of financial accountability. For a more comprehensive discussion of financial accountability, see our report, *Report on Government Financial Accountability for the 1999/2000 Fiscal Year*, Province of British Columbia, issued in March 2001. (Our report "Explaining the Government's Business and Finances," focusing on the 2000/01 fiscal year, will be published shortly.) To obtain a copy of these or other reports of the Office, contact us by telephone at 250 387-6803 or refer to our website at www.bcauditor.com

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Is There Transparency and Credibility in What Is Reported?

To be transparent and credible, the information government provides must be easy to understand, timely in reporting and reliable in what it reports.

The 2001 to 2004 strategic plan was generally understandable, although acronyms were used (but never explained) to identify responsibility centres for each goal and objective. As well, the plan did not comment on the data sources for its targets or on the reliability of the information presented. An example of where a government has done so can be found in Oregon's strategic plan, *Oregon Shines II*. It includes "benchmark endnotes"—information about the performance targets used, the rationale for choosing a particular target, and the data source—all of which enhance the credibility of the information provided. Exhibit 2 is an extract from the plan.

The Public Accounts were more difficult to read than the strategic plan. Because the summary financial statements exclude a complete and full accounting of the health and education sectors, complex supplementary schedules and unaudited reconciling statements were added to the Public Accounts to compensate. The effect was to erode the clarity of the summary financial statements.

The 2001 to 2004 strategic plan was not tabled with the Legislative Assembly, but was made available with the budget documents. As for the Public Accounts for the Province, timeliness of reporting has steadily improved each year. The Public Accounts for the 1999/2000 fiscal year were tabled with the Assembly in mid-August 2000, for example, while those for

Exhibit 2

Economic Performance (Extract)

Unemployment Rate (civilian labor force, annual average)

Explanation: This measures the civilian labor force unemployment rate for persons 16 years and older. Statistically significant unemployment rates for racial and ethnic groups are only available through the decennial census. Note that the unemployment rate for 1990 is for April, 1990, and is not a yearly average.

Rationale: The unemployment rate is an indication of the health of the Oregon economy. Additionally, unemployment is often disproportionate by race or ethnicity. Target: 1995 unemployment rate was a 25 year low. Target set lower than Employment Department long-term projections. Data source: 1990, U.S. Census of Population and Housing, STF 3. All other data from "Annual Average Civilian Unemployment Rates (CPS Adjusted)" table from the Workforce Analysis Section, Employment Department.

Source: *Oregon Shines II: A Report to the People of Oregon*, January 21, 1997, State of Oregon

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the 2000/01 fiscal year were tabled on August 9, 2001. While this is an improvement over the past, we think the government should aim for mid-June to release its Public Accounts.

The reliability of the information reported is assured by having the financial statements audited by the independent Auditor General.

As required by the Budget Transparency and Accountability Act, the Secretary to Treasury Board confirmed, in a statement accompanying the March 2001 Budget Reports, that the documents did contain economic and fiscal forecasts, the assumptions underlying the forecasts, and the report on the advice of the Minister's Economic Forecast Council. The Secretary's statement also notes that, as required by the Act, the budget report discloses the adjustment to the most likely budget forecast based on the assumptions underlying the budget. Such a statement adds credibility to the budget information provided.

Ministry and Government Organization Plans and Reports

The criteria we used to review the 2000/01 annual reports of ministries and government organizations were very similar to the criteria we used to assess the 2001/02 to 2003/04 plans. We found little difference between the annual reports and the following year's plans in terms of their relative strengths and weaknesses. To avoid repetition, we've reported the results of these reviews together, while highlighting any significant differences.

Is the Public Purpose Clear?

Organizational purpose: what and why. Organizations' descriptions of their respective mandates, missions and purposes proved to be the single strongest element of the plans and reports we reviewed. In virtually all cases, we found informative and useful descriptions of why organizations exist and the needs they fulfill. Annual reports for the British Columbia Housing Management Commission and the Ministries of Health, Advanced Education and Finance, and the plan for the Ministry of Forests, were notable examples.

Because of government's broad range of responsibilities and its cost to the taxpayer, legislators and the public need to know the unique public needs a government organization fulfills. They need to know why the organization is best situated to meeting these needs rather than, say, service delivery mechanisms in other branches of government or by the private and non-profit sectors. In short, organizations

should explain why they are relevant. This is important information for readers who may not be familiar with the functions of individual ministries and Crown corporations, and puts into context information about organizational performance.

Organizational structure and governance: who is accountable to whom. Descriptions of governance and operational structures were generally adequate, although more in the annual reports than in the plans. Some organizations provided an organization chart with descriptions of departmental roles and responsibilities. The British Columbia Housing Management Commission provided a corporate overview[1] describing its departments, a business review[2] detailing programs and work with partners, and a Chief Financial Officer's report[3] highlighting departmental and program performance.

Organizational behaviour: values. Many organizations identified values, but didn't describe how those values guide them in the conduct of public business. In many cases, organizations simply provided a series of words such as "trust," "honesty" or "excellence, innovation and continuous improvement." These might be very good values, but to be meaningful to the reader and to the organization, how they are incorporated in day-to-day operations needs to be shown. The Ministry of Children and Families and the Ministry of Forests illustrated good practice in this area.

The values of an organization underlie all operational activities, providing guidance about priorities and acceptable behaviours. These values are important because, in the pursuit of the public interest, it is not just results that matter, but also the way in which those results are achieved.

Legislative environment. Few organizations did well in the plans and reports we reviewed describing the legislative environment in which they operate. However, the report of the Ministry of Health included frequent references to legislation governing the behaviour of the ministry and its partners, and provided a listing of legislation under the ministry's jurisdiction.[4] The report of the Ministry of Transportation and Highways contained an appendix listing the operational legislation for which the ministry is responsible, and a brief summary of its relevance.[5]

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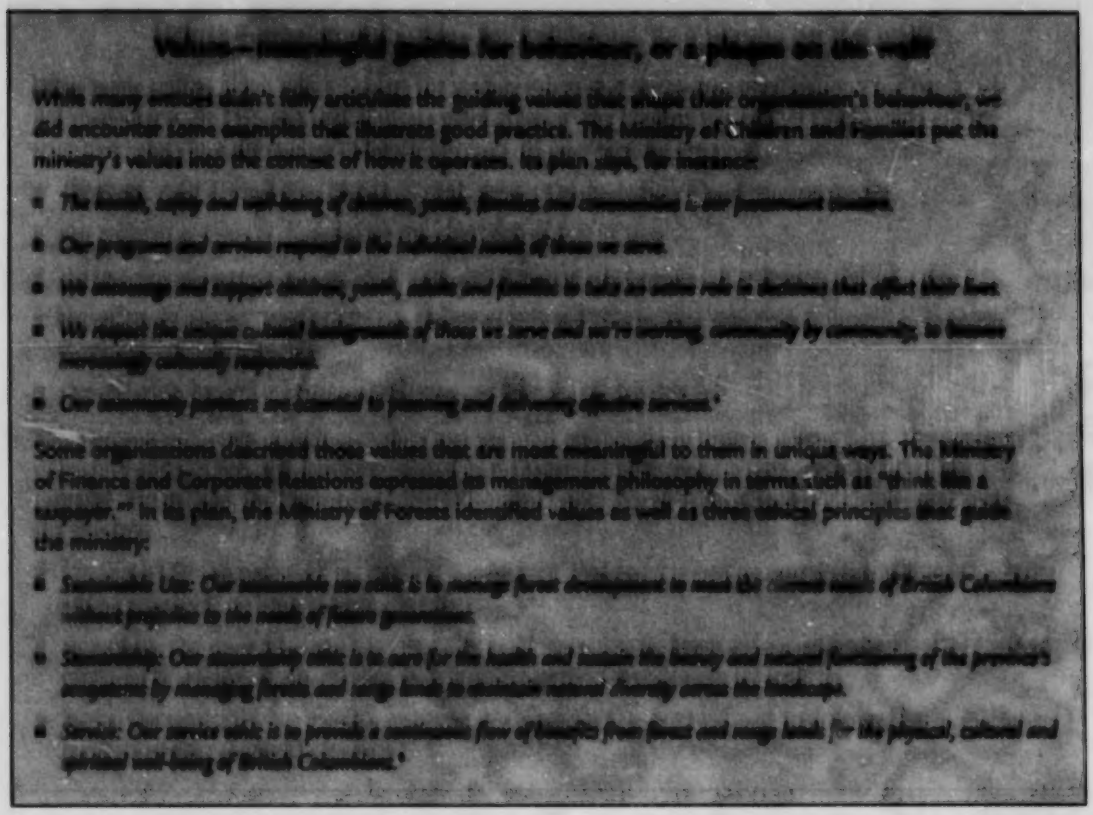
[1] British Columbia Housing Management Commission Annual Report, page 7–10
[2] ibid, page 11–16
[3] ibid, page 44–46
[4] Ministry of Health Annual Report, page 108
[5] Ministry of Transportation and Highways Annual Report, page 23



The mandate of most government organizations is established through legislation, as are certain standards of conduct for employees and the entities themselves. In some cases, legislative provisions establish an organization's accountability via a board of directors or other governing body. Because major enabling legislation is modified on a relatively infrequent basis, we thought organizations would have little difficulty describing their legislative environment. Instead, few organizations rated highly in this area.

Operating environment and risks. In their plans and reports, most organizations discussed relevant aspects of their external operating environment. In many cases, however, they did not clearly describe how they would respond to challenges or explain how they would manage their key risks.

[6]Ministry of Children and Families Performance Plan, page 5
[7]Ministry of Finance and Corporate Relations Performance Plan, page 5
[8]Ministry of Forests Performance Plan, page 4–5

Values—meaningful guides for behaviour, or a plaque on the wall?

While many entities didn't fully articulate the guiding values that shape their organization's behaviour, we did encounter some examples that illustrate good practice. The Ministry of Children and Families put the ministry's values into the context of how it operates. Its plan says, for instance:

- *The health, safety and well-being of children, youth, families and communities is our paramount concern.*
- *Our programs and services respond to the individual needs of those we serve.*
- *We encourage and support children, youth, adults and families to take an active role in decisions that affect their lives.*
- *We respect the unique cultural backgrounds of those we serve and we're working, community by community, to become increasingly culturally responsive.*
- *Our community partners are essential to planning and delivering effective services.*[4]

Some organizations described those values that are most meaningful to them in unique ways. The Ministry of Finance and Corporate Relations expressed its management philosophy in terms such as "think like a taxpayer."[7] In its plan, the Ministry of Forests identified values as well as three ethical principles that guide the ministry:

- *Sustainable Use: Our sustainable use ethic is to manage forest development to meet the current needs of British Columbians without prejudice to the needs of future generations.*
- *Stewardship: Our stewardship ethic is to care for the health and sustain the beauty and natural functioning of the province's ecosystems by managing forests and range lands to maintain natural diversity across the landscape.*
- *Service: Our service ethic is to provide a continuous flow of benefits from forest and range lands for the physical, cultural and spiritual well-being of British Columbians.*[8]

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Recognition of environmental issues can be formalized in a stand-alone environmental scan, or can be integrated throughout a plan or report. The Ministry of Health provided an extensive environmental scan[9] in the appendices of its performance plan, linked explicitly to ministry programs and initiatives. The Ministry of Forests report presented a high-level scan of the environment,[10] which set the stage for later discussions of ministry strategies. The annual report of the British Columbia Hydro and Power Authority, while not including an environmental scan, incorporated a number of important issues from the external environment in discussions of specific strategies and initiatives. It also described its positioning relative to a number of key business risks.[11]

Risk assessment is not a new issue for public sector organizations, who have long been responsible for handling financial risks, managing the threat of impropriety and malpractice, and safeguarding public assets. The need for sound controls to minimize these risks has been well-established. Risk management should be part of an organization's planning and decision-making process. It also makes sense as a way for organizations to improve upon their performance. With new forms of service delivery, such as private-public partnerships, however, has come greater recognition of the importance of identifying keys risks and allocating responsibility for managing them.

What Were the Intended and Actual Results?

We assessed the intended versus actual results under three categories: goals and objectives, measuring performance, and finance. To determine whether intended results were achieved, organizations must first explain the goals and objectives they've established. Designing means to gauge the level of success in achieving its goals and objectives presents a unique challenge to an organization. There are few established principles for measuring performance, so organizations need to be creative in developing meaningful performance measures to assess and report on how well they've done. While performance is a multi-faceted, operational concept, all activities have associated costs. Government entities are accountable not only for how much money they've spent, but also for what they accomplished with the money and what these accomplishments indicate about how effectively monetary resources were used.

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[9] Ministry of Health Performance Plan, page 24–39
[10] Ministry of Forests Annual Report, page 1–5
[11] British Columbia Hydro and Power Authority Annual Report, page 44–45

Setting Goals and Objectives

Consistent goals, objectives and strategies. While several organizations clearly identified and described their goals and objectives, almost as many didn't. In some cases, goals were listed without any form of explanation. In other cases, organizations provided operational strategies such as "provide analysis and advice," "deliver services" and "recruit and retain," but no goals.

Some organizations made good efforts to integrate goals, objectives and strategies in their plans. The British Columbia Hydro and Power Authority used a high-level strategy map[12] to provide "an understanding of [the organization's] strategic objectives, the definition of those objectives, and a high-level indication of what is required to achieve those objectives." The Ministry of Transportation and Highways used a diagram to illustrate the interrelation of strategic concepts, business planning and performance monitoring[13] (Exhibit 3). Both the Ministry of Transportation and Highways[14] and the Ministry of Health[15] provided tables that linked operational programs to strategic goals.

Consistency between plans and reports. We also assessed the consistency between what organizations proposed in their plans and the information they actually reported in the ensuing annual report. We found some instances where goals and strategies that had been identified in plans were simply omitted from subsequent reports. The best example of the approach we were looking for was the annual report of the Ministry of Forests. It gives a detailed account of the ministry's goals, the status of strategies to achieve these goals, and the measures employed to assess the ministry's progress.

The explicit link between plans and reports is a fundamental tenant of meaningful accountability reporting. Ideally, all goals, objectives, strategies and targets from a performance plan should carry forward, in their entirety, to the subsequent annual report. When circumstances force organizations to re-evaluate their priorities and amend their plans, any changes or omissions from an original plan should be explained.

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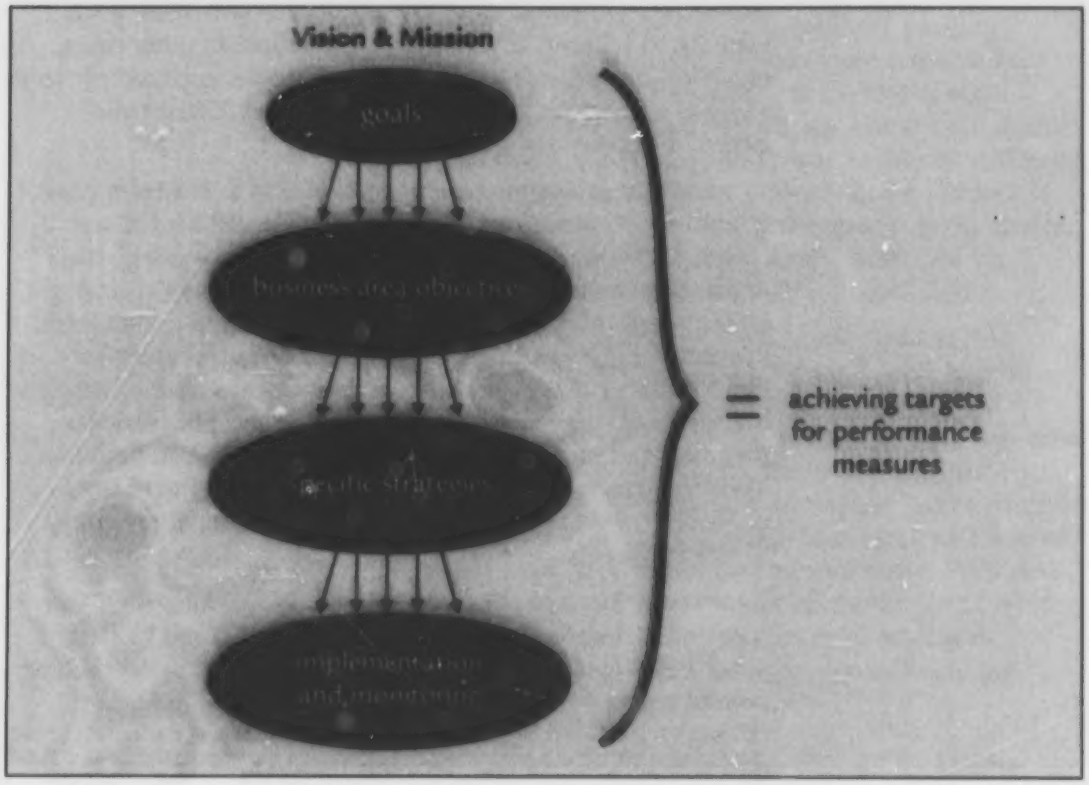
[12] British Columbia Hydro and Power Authority Performance Plan, page 8
[13] Ministry of Transportation and Highways Performance Plan, page 11
[14] Ibid, Appendix III, page 53
[15] Ministry of Health Performance Plan, pages 9–18

Exhibit 3

Integrating Goals, Objectives and Strategies



Source: Adapted from the Ministry of Transportation and Highways, 2001/2002 - 2003/2004 Performance Plan

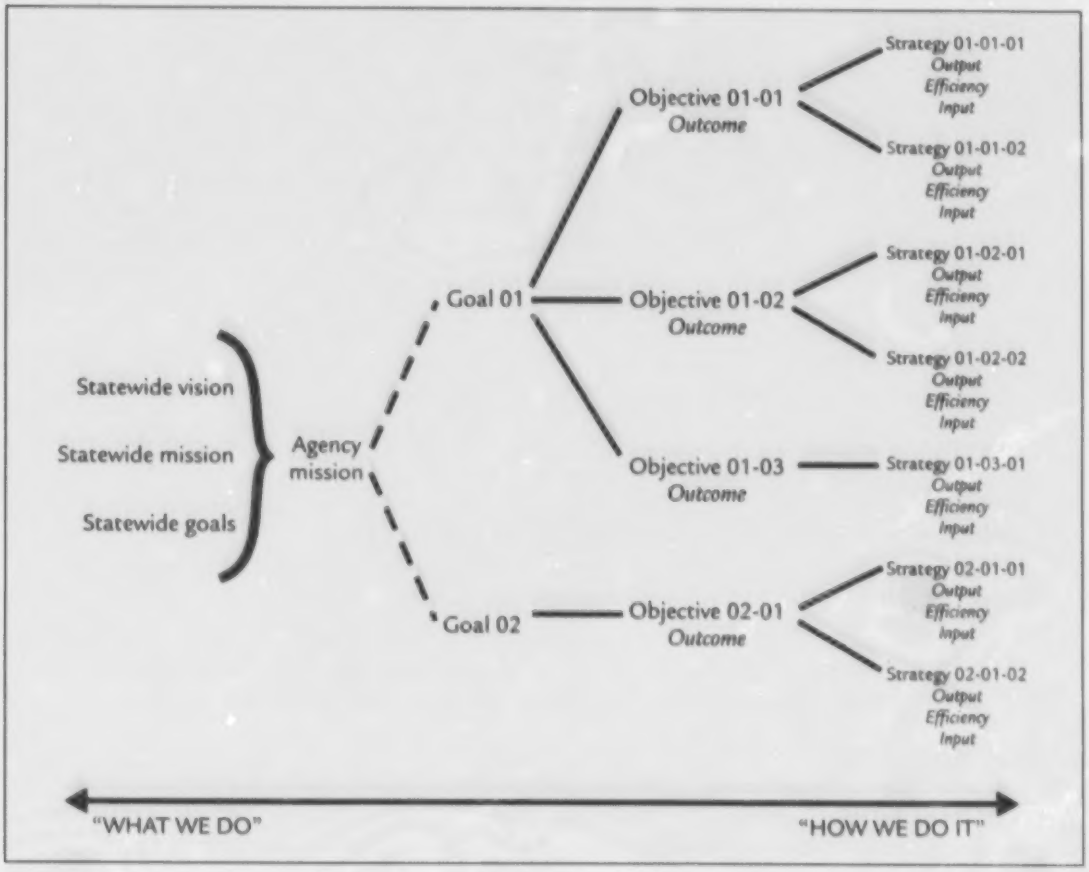
Sector or system responsibilities. Some organizations have responsibility for more than just their own operations. For instance, the Ministry of Advanced Education is accountable for the post-secondary system, even though the ministry itself is responsible for directly delivering only a small number of services. We found that ministries with responsibility for a sector generally did a good job of reporting information about the systems for which they are responsible, as well as information about their own operations.

Integration of High-Level Purpose and Operational Strategies

An organization's mission defines why an entity exists and the purpose it fulfills, goals and objectives define what it is going to achieve, and strategies describe how it is going to go about achieving them. While formal statements of mission, vision and value are fine, we were looking for more than a simple "plaque on the wall" approach. We thought there should be a logical flow from higher level notions of why an entity exists through to practical means for achieving specific objectives. We were hoping to see how these concepts were integrated, evolving from a discussion of "what we do" to "how we do it" as illustrated in Exhibit 4.

Exhibit 4

Implementing the Statewide Vision Through Agencies' Plans



Source: Governor's Office of Business and Planning, State of Texas

Consistency with provincial priorities. Many organizations didn't link their own goals and objectives with those included in the government-wide strategic plan. The plans of the Ministry of Children and Families[16] and the Ministry of Health[17] provided tables identifying the linkages between the government's priorities and the ministries' goals and related strategies. The plan of the Ministry of Transportation and Highways[18] provided this information in an appendix.

> *"One of the main reasons Alberta was successful in changing in the early years was the ability to focus on the third year of the three-year plan. While it is true that the fiscal imperative drove the process, getting to that lower expenditure level forced a fundamental re-examination of government's core businesses."*
>
> Rich Coeffey, Alberta Finance, Institute of Public Administration of Canada, New Directions #7

The government provided direction for ministries and government organizations in its 2001 to 2004 strategic plan by identifying 11 strategic goals for the Province. Clearly, all organizations have a responsibility to contribute towards the Province's overall objectives, each in its own way. Because only some of the provincial goals applied to each organization, we expected each to identify what goals were relevant to them and how they were addressed in the entity's plan.

This is true for ministries and Crown corporations. Whether it is a ministry forming part of central government, or an organization with a board of directors appointed by government and a reporting relationship to a minister, all government organizations have an accountability relationship with the Province.

Planning for the long term. The Budget Transparency and Accountability Act requires organizations to provide plans covering a three-year period. Only about half of the 2001/02 to 2003/04 plans we reviewed fully took into account the three years required under the Act.

Measuring and Monitoring Performance

Measures of output and outcome. This area of assessment proved to be the most problematic. Most organizations identified some performance measures, but in many cases those measures focused on inputs and processes rather than outputs and outcomes. Some organizations didn't link measures with organizational goals.

We looked for measures of output and outcome that indicated progress being made toward organizational goals and objectives. The Ministry of Forests performed best in this area. The ministry's performance plan[19] included tables with descriptions of each performance measure, linked to each

[16] Ministry of Children and Families Performance Plan, page 20
[17] Ministry of Health Performance Plan, page 19-20
[18] Ministry of Transportation and Highways Performance Plan, Appendix I, page 42-43
[19] Ministry of Forests Performance Plan, page 23-26

business area. Its annual report[20] includes a "scorecard" for its performance measures, supplemented with a report on each key initiative or strategy.

Setting out the few, critical measures that demonstrate the performance of an organization is difficult to do. It's challenging to select the right measures, to gain acceptance from staff and stakeholders for those measures, to collect the information to support the measures, and to attribute a causal link between an action and a result—but the effort is worthwhile.

> *"Accountability for results is critical, not only to legislators in assessing government performance, but to government itself in managing its programs and services on behalf of the public.... Accountability for results is best served when programs and services are managed for results."*
>
> *Enhancing Accountability for Performance in the British Columbia Public Sector,* Auditor General of British Columbia and Deputy Ministers' Council, 1995

Increasingly, performance measurement is becoming an integral part of modern government in jurisdictions throughout the world. Good performance information can help government organizations improve the effectiveness of their operations, use resources more cost-effectively, and enhance the value of accountability information provided to legislators and the general public.

Performance measurement data can be used to show how the activities an organization engages in, and the resources it expends, contribute towards achieving the desired purposes. As such, useful performance measures are typically results-oriented rather than simply being measures of input or activity. Measures of activity, or of use of money and other resources, don't really indicate the achievement of results, although measures of the efficiency of the use of resources can be informative.

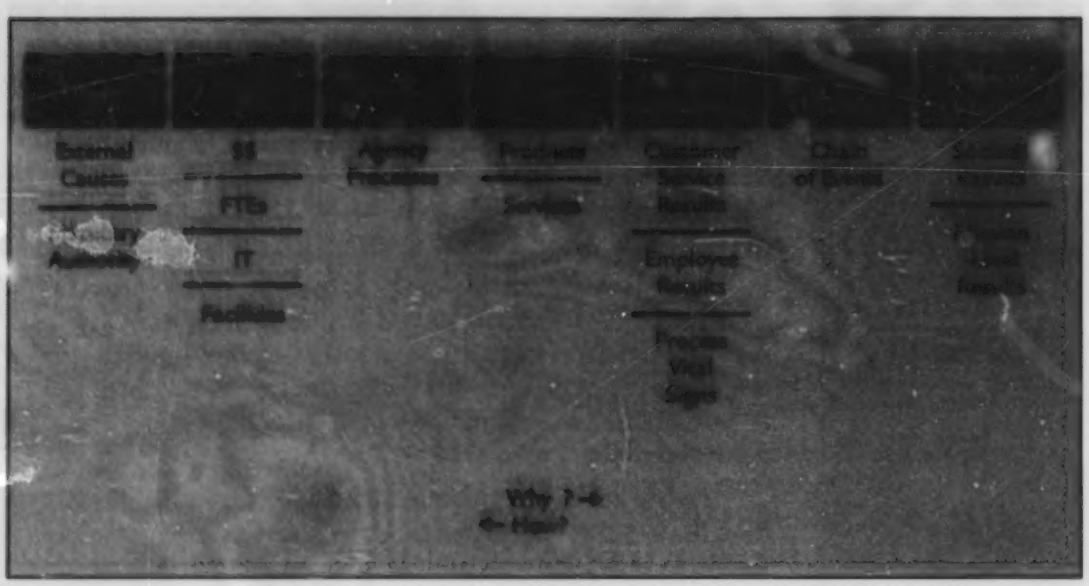
Organizational goals and objectives are frequently long term in nature, and linkages to measurable program outputs and outcomes may not be obvious. Hence, entities need to explain how the measures used relate to their ultimate objectives. We wanted to see a plausible link between actions and results. The value chain in Exhibit 5 maps the type of relationship we sought between actions and results from the short to the long term.

Performance targets. Very few organizations provided targets for performance in their plans, or adequate baseline and trend information to put these targets into context. None provided both targets and contextual information. The situation was somewhat better when it came to annual reports. At least some organizations reported baseline and trend information to put their actual performance into context. However, where performance failed to meet targets or performance deteriorated from prior years, very few organizations provided satisfactory explanations as to why.

[20] Ministry of Forests Annual Report, page 9-24

Exhibit 5

Public Sector Value Chain



Source: Adapted from the Balanced Scorecard, Governor's Office, State of Washington

An example of the type of information we were looking for is contained in Exhibit 6, from the U.S. Department of Education. In this example, the measure is explained, actual performance is documented, and targets and trend data are provided to add context.

Focusing on the Finances

Pro-forma financial statements. We expected that all organizations would have included a current-year operational budget in their plans, and were surprised that a number of them did not have any budget information at all. Budgeting is an essential step in any meaningful planning process, since resource constraints are often the final determinant of the level of services offered by governments. As organizations shift their focus from measuring inputs and activities to measuring the achievement of results, it is important to not lose sight of the enduring importance of financial accountability.

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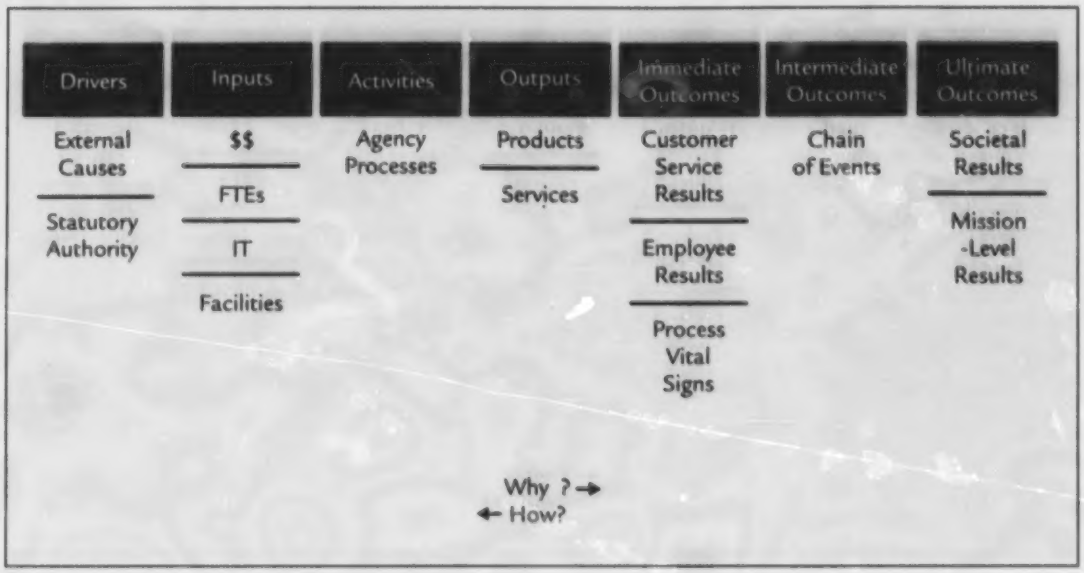

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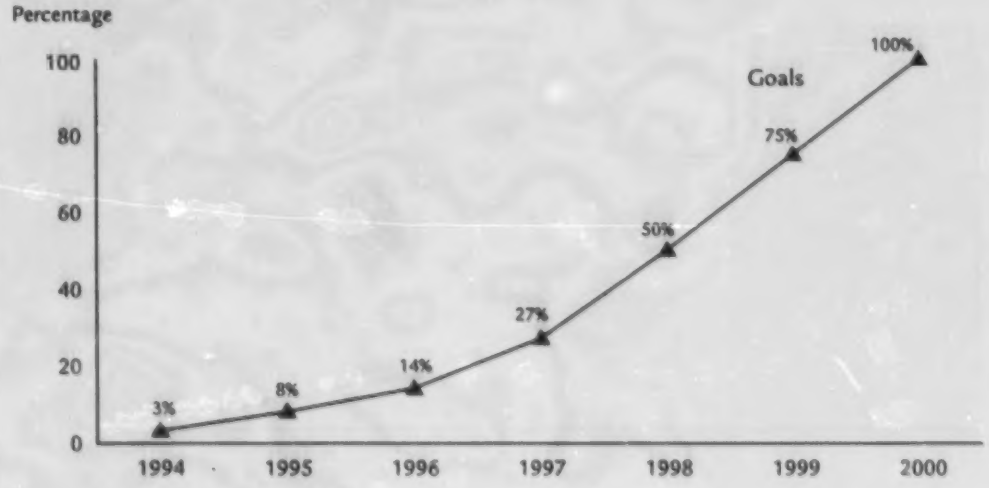
Exhibit 6

Example of Performance Measure Presentation

Indicator 39. The percentage of public school instructional rooms connected to the Internet (Information Superhighway) will increase from 14% in 1996 to higher percentages thereafter.

Indicator background and context. Connections to the Internet make computers versatile and powerful learning tools by introducing students and teachers to new information, people, places and ideas from around the world to which they might not otherwise be exposed. In 1993, only 3% of instructional rooms were connected to the Internet. By 1997, 27% of classrooms were connected to the Internet.

Percentage of Instructional Rooms with Internet Access in the Classroom



Limitations of the data. The sample data size limits ability to report for subnational units such as individual states, and for subgroups.

Verification/validation of measures: Items have been pretested and used repeatedly. Results are roughly consistent with results from other sources.

Data source(s). National Center for Education Statistic (NCES), Survey of Advanced Telecommunications in U.S. Public Elementary and Secondary Schools, March 1998.
Next update: February 1999.

Source: U.S. Department of Education FY 2000 Annual Plan, Volume 1

> *"The proper and productive use of public money is an indispensable element of any modern, well managed, and fully accountable democratic state. It is essential that, where Government, and the prime instrument of scrutiny, Parliament, interact, there exists a common understanding of how, and on what terms, public money can be used."*
>
> Lord Sharman of Redlynch
> *Holding to Account–The Review of Audit & Accountability in Central Government*, February 2001, United Kingdom

In their performance plans, the British Columbia Ferry Corporation[21] and Tourism British Columbia[22] provided three-year projected statements of revenue and expense, along with key assumptions underlying the projections. They were in the minority. We understand that the budgets of government organizations are approved on a year-by-year basis, and that any government organization cannot know with certainty the amount of funding it will be allocated beyond the current year. Nonetheless, because government organizations are required to incorporate a three-year horizon in their planning, this should carry over to their budgeting. Organizations will be required to make assumptions about the quantity of resources they will have available to them and about other external factors, and these assumptions should be stated with the projections.

Most organizations did include a statement of revenue and expenditure in their reports, and many included complete financial statements, audited where appropriate. A number of organizations, however, did not report their actual financial performance against budget. Background material was provided by most organizations to help the reader understand their financial performance. For example, the British Columbia Hydro and Power Authority[23] and the Insurance Corporation of British Columbia[24] supplemented their financial information with a variety of charts and graphs to highlight key trends and market conditions.

Linking costs to goals and results. We looked to see whether organizations had associated their plans and results with costs, though we did not expect that this would be done exceedingly well. Unlike operational budgeting and reporting, most organizations do not have significant experience in what is sometimes referred to as "performance budgeting." We were pleased that some organizations, particularly the Ministry of Forests,[25] had success in this area. As Exhibit 7 shows, the ministry's plan gave costs for each goal, by program and by type of expenditure.

Financial information could be presented in the form of associating costs with organizational goals and strategies, or through program cost/benefit analyses. There are no established standards for how such information should be

[21] British Columbia Ferry Corporation Performance Plan, page 9
[22] Tourism British Columbia Performance Plan, page 7
[23] British Columbia Hydro and Power Authority Annual Report, page 36-44
[24] Insurance Corporation of British Columbia Annual Report, page 25-29
[25] Ministry of Forests Performance Plan, page 33, and page 23-26

Exhibit 7

2001/02 Ministry Budget by Business Area

	Operating	Salary	Corporate	Total	FTEs
			$ Millions		
Goal and Business Area					
Goal 1					
1. Regulation of Forest and Range Practices	4.01	35.06	14.63	53.69	572
2. Land-use Planning	3.53	18.55	6.85	28.93	314
3. Timber and Range Supply, Planning and Determination	1.44	10.91	3.9	16.26	169
Total Goal 1	**8.98**	**64.52**	**25.38**	**98.88**	**1,055**
Goal 2					
4. Market Access	2.11	2.32	0.87	5.30	30
5. Protection of Forest and Range Resources from Fire and Pests	50.27	42.97	6.57	99.81	726
6. Forest Road Infrastructure	10.54	8.71	3.38	22.63	146
7. Forest and Range Productivity Improvements	11.39	14.14	6.98	32.52	249
8. Tenure Administration	1.75	20.86	8.02	30.62	354
9. Small Business Special Account	98.61	31.30	1.77	131.68	560
Total Goal 2	**174.67**	**120.30**	**27.59**	**322.56**	**2,065**
Goal 3					
10. Recreation and Non-timber/Non-range Benefits	1.41	4.85	1.93	8.19	83
11. First Nations	1.35	6.35	2.12	9.82	100
12. Revenue	2.17	18.78	8.55	29.49	318
Total Goal 3	**4.93**	**29.98**	**12.60**	**47.51**	**501**
Goal 4					
13. Human Resources	0.80	7.19	2.49	10.48	118
14. Corporate Governance	7.53	19.47	7.07	34.07	333
Total Goal 4	**8.33**	**26.66**	**9.56**	**44.55**	**451**
TOTAL[1]	**196.91**	**241.46**	**75.13**	**513.50**	**4,072**

[1]Equal to region/branch votes (Ministry of Forests and Protection) plus Special Accounts (SBFEP Account, Forest Stand Management Fund, and South Moresby Forest Replacement Account) budget allocation.

Salary costs include expenditures for base salaries and employee benefits.
Operating costs include expenditures for field goals, contracts, supplies and grants.
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(e.g., amortization, facilities, vehicles, staff mitigation, and legal services).

Source: Ministry of Forests Performance Plan 2001/02 to 2003/04

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Source: Ministry of Forests Performance Plan 2001/02 to 2003/04

presented or in how much detail, but we believe organizations should disclose the intended and actual costs of their plans and results; Exhibit 7 illustrates one option.

In our view, all such information contributes to the overall objective of transparency—namely, informing readers where, and how well, money was expended—particularly where the information relates to business areas that are of high public visibility or interest. However, the drive for openness has to be balanced against the need to restrict disclosure for the protection of commercial interests.

Is There Transparency and Credibility in What Is Reported?

Accessibility. Performance plans and annual reports were, almost without exception, very accessible. The performance plans of all the organizations we selected for review were publicly available. As noted earlier in this report, the 2000/01 annual reports of three of the organizations were not.

Because the value of accountability information provided by government organizations diminishes over time, we urge organizations to make accountability information available as quickly as possible. The recent amendments to the Budget Transparency and Accountability Act require future plans to be made public by the third Tuesday in February, and annual reports by August 31 or five months after year-end, whichever is earlier. We encourage government organizations to meet or, where possible, to exceed these requirements.

Fairness and readability. Reports were, in general, reasonably fair and balanced although there was a tendency, in some cases, to downplay or ignore significant challenges or weak performance. On the whole, organizations could devote more effort to explaining what they plan to do differently to improve performance where targets have not been met.

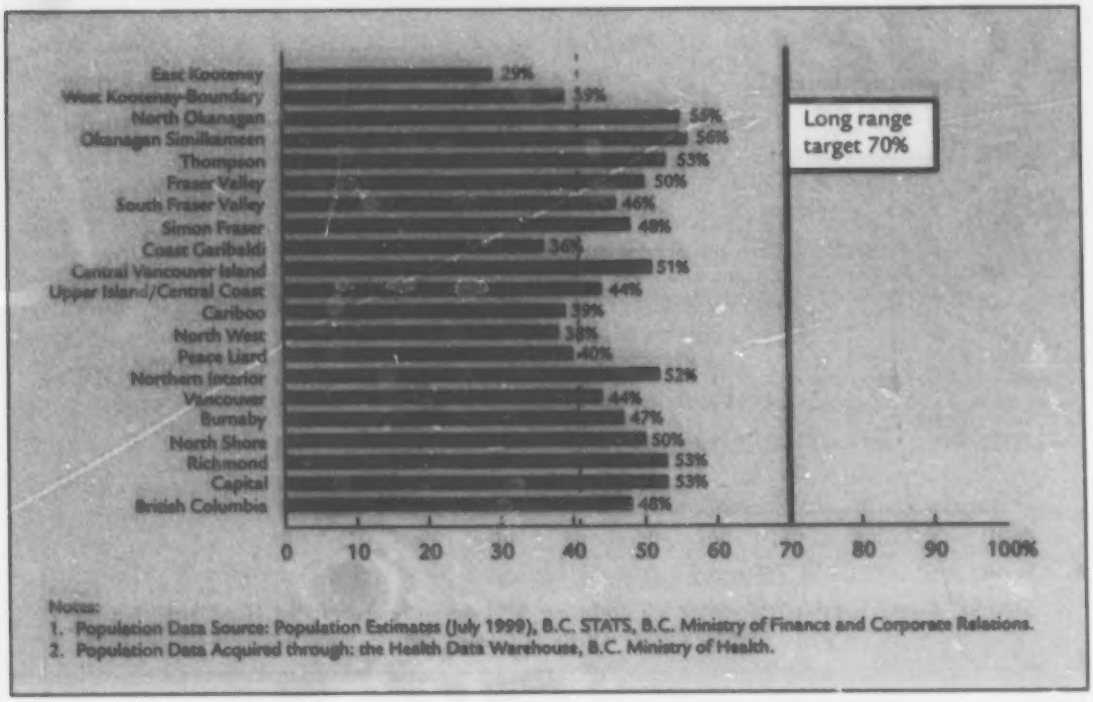
We found the plans and reports to be generally readable. Documents tended to be written in plain language, without the use of jargon and acronyms, so that a non-specialist could grasp significant information quickly. Some documents employed terms not in common usage, and would have benefited from explanations, such as in a glossary. Better reports provided summaries, tables or graphs to aid in understanding the organization's responsibilities and performance.

Reporting on reliability of data. We assessed the plans and reports in terms of the information organizations provided about the reliability of their data. Most organizations could do better in this area. Where facts and figures were presented, we didn't find many references identifying the source (if external) or explaining how the data was collected (if done in-house).

The Ministry of Health[26] did well setting out its data sources. Its annual report, for example, contained a significant quantity of trend data for which sources were usually credited (see Exhibit 8). An example of even better practice, taken from the 2000 Annual Plan of the U.S. Department of Education, is shown at Exhibit 6. In addition to the data source, it includes references to the limitations on the use that can be made of the Department's data.

Exhibit 8

Screening Mammography Participation for B.C. Women Aged 50–74, 1998 and 1999 Inclusive



Source: Ministry of Health and Ministry Responsible for Seniors Annual Report, 2000/01

[26] Ministry of Health Annual Report, page 52–81

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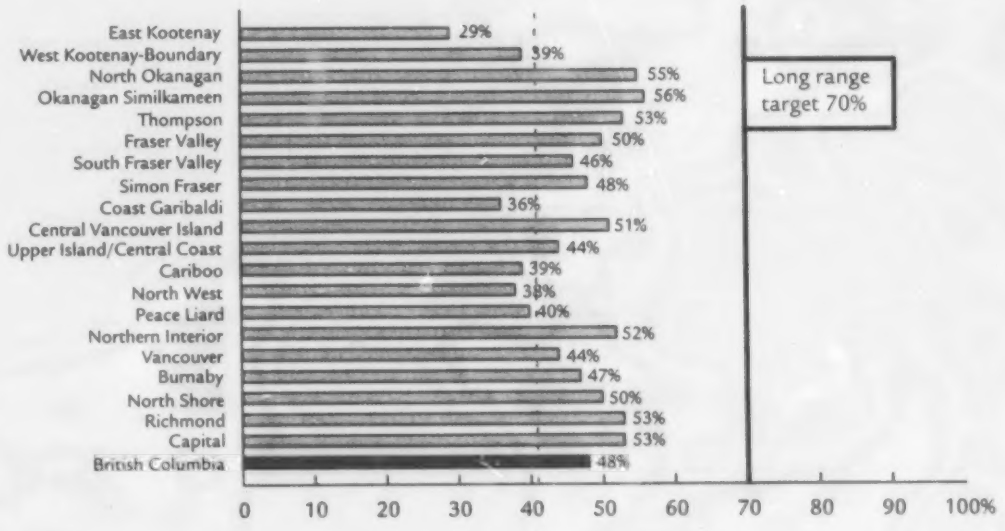


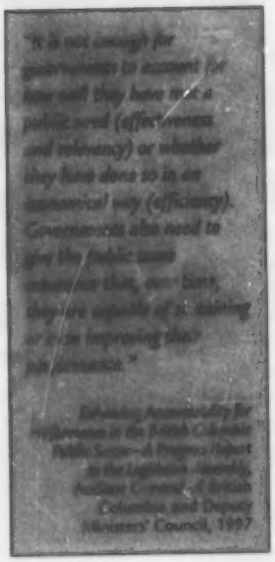
Notes:
1. Population Data Source: Population Estimates (July 1999), B.C. STATS, B.C. Ministry of Finance and Corporate Relations.
2. Population Data Acquired through: the Health Data Warehouse, B.C. Ministry of Health.

Source: Ministry of Health and Ministry Responsible for Seniors Annual Report, 2000/01

[26] Ministry of Health Annual Report, page 52-81

References to the sources of data help assure the reader that the information presented is reliable and trustworthy. References addressing the limitations of the data provide useful information as to how the data should be used and interpreted. Both these types of information, in reports that are balanced (telling the reader those things the organization did well, in addition to where there may be opportunities for improvement) make a publication more credible than one that trumpets only good news in an adverse situation.

Looking Forward—Considering Organizational Capacity



Organizational capacity is a term used to describe the ability of an organization to maintain or improve on its results into the future. Few of the plans and reports we reviewed either assessed current capacity or identified strategies for the future.

For example, changing demographic patterns have created looming skill shortages for many organizations, as well as challenges to the continuity of leadership. Succession planning has become a critical issue in organizations where a large segment of the workforce is set to retire, taking with them skills that are in short supply and require many years to develop.

Similarly, organizations may operate with aging capital infrastructures, in some cases nearing the end of their productive lives. Significant planning and capital investment may be required to ensure that assets are replaced or renewed in an orderly fashion so that levels of operation are maintained and the risk of critical failure minimized.

We believe that understanding the current state of the key elements of an organization's capacity and its strategies for maintaining or improving that state, as appropriate, is critical to understanding an organization's overall performance.

"We're learning too"
An assessment of the plan and report of the Office of the Auditor General

It's important that the Office of the Auditor General be, and be seen to be, accountable to the Legislative Assembly. Consequently, we decided early on that we would subject our performance plan and annual report to the same level of scrutiny that we applied to those of other organizations, and that we would make a point of publicly reporting the results of this review.

When it comes to public purpose, we did a better job in our annual report than in our plan of explaining who we are, the purpose we serve, and the way in which we deliver our programs. While our plan included reference to our compliance with legislation governing our behaviour, in both the plan and the report we need to better describe our values and how they permeate our organization. Our plan did address our operating environment, but the report did not touch upon similar issues. We think it should have in order to understand how the operating environment influenced our performance.

Our annual report described our performance against our goals in terms of the core activities we carry out. Our plan was clearer in establishing our goals, objectives, strategies and actions. But, similar to many organizations, we need to better explain the linkages between our long-term goals and objectives, our strategies for achieving these objectives, and our day-to-day activities.

While the report set out a range of measures, such as coverage, timeliness and cost for most of our core activities, our outcomes were addressed via anecdotal evidence. Our plan identified the types of measures we should focus on for each of our strategies and actions, but did not set out targets for these performance measures. Moreover, despite its title, the plan had only a one-year focus.

To a limited extent, we reported on the costs of most, but not all, of our core activities in our annual report. We could have done a better job, however, of explaining what these costs represented and whether they were reasonable. Trend information may have gone some way to enhancing the reader's understanding of this. No such information, either in terms of the costs of our goals or good baseline or trend data by goal or program area, was included in our plan.

As for our finances, we did a better job of explaining our financial situation in our annual report than in our plan. The report included, for example, audited financial statements and a management discussion and analysis of our finances. The plan set out a projected budget for three years and actual expenditures for four years.

Our plan and report were strong when it came to accessibility and transparency. Both documents were easily found on our website, and they clearly identified how to contact the Office or reach our website. Although there was some jargon, for the most part the plan and report were understandable. Where we fell short, however, was in identifying the sources for our data and the reasons why we were confident about them.

Having said all this, we're also learning from the positive examples we encountered in our review of government plans and reports. We're trying our best to incorporate these good practices in our future plans and annual reports. Our executive, for example, are developing an improved planning and reporting framework, and work is progressing to have this framework ready for our next plan.

While we intend to discuss our performance measures in future plans and reports, we may not have the ability to efficiently collect the necessary data in the short term. Rather than choose our measures based on the availability of the data, our preference is to develop measures that are truly meaningful and relevant to our work. This may mean, however, that before we are able to propose a target or report against it, we will first need to identify our baseline information. We think this is acceptable if it means getting the targets and measures right.

using performance information

Understanding the Plans and Reports

Given that we found no one plan or report to be substantially satisfactory overall, it would be easy to be highly critical of the organizations whose plans and annual reports we reviewed. This would be harsh. Publicly reporting performance is new for many organizations; it is not easy to do. Therefore, in assessing the extent to which organizations were informative in their reporting, here are some points to keep in mind.

The capacity to produce high quality plans and reports varies. Not all organizations have the same degree of experience, expertise or resources (such as training, classification levels, or contractor funds) to devote to the task of planning and reporting. The argument has been made that smaller organizations are less equipped than larger ones to meet the requirements of the Budget Transparency and Accountability Act. A large organization such as the Ministry of Forests, by contrast, has long had experience in planning and reporting, likely because the Ministry of Forests Act is explicit in this regard. For example, the Act calls for an annual five-year forest and range resource program, and an annual report about the status, impact, costs and benefits of that program.

Performance management or accountability? A challenge for some organizations is to find the right balance between the plan as a tool for managing and the plan as a means of satisfying their accountability to the public. This has implications for the level of detail and the degree of duplication that is provided in the plan and the annual report. We considered that because the public plans and reports were produced to meet the Budget Transparency and Accountability Act, they were just that—accountability documents—and so we assessed them as such. As depicted in Exhibit 9, accountability planning and reporting are not ends in themselves. Public plans and reports form part of a larger performance management system, summarizing and reflecting the key points of a larger, in-depth strategic planning process, rather than representing the sum total of an organization's strategic planning.

What's safe to disclose? Crown corporations that operate in a commercial environment tried to find an appropriate balance between being forthright and protecting their competitive

Exhibit 9

Linkage of Service Plan Components to Other Management

Source: Guidelines for Ministry Service Plans 2002/03-2004/05, Estimates and Performance Management Branch, Treasury Board Staff, Ministry of Finance

position. While the Budget Transparency and Accountability Act does allow organizations to not disclose information where it would be harmful, without more direction than this the tendency is to provide less rather than more information or to be vague in describing the actions to be taken. One corporation told us they need more guidance in this area; we believe guidance would be useful. As a basic principle, any such guidance should anticipate a minimum level of disclosure equivalent to that provided by industry competitors.

Performance reports may not tell the whole performance story. Important information may be missing in the performance plans or annual reports, but we need to be careful in drawing conclusions about this. For example, we looked for information about organizations' risk management. More specifically, we asked whether organizations had identified major management challenges, risks and opportunities, and whether they had explained how they intended to deal with them. It doesn't necessarily follow that because organizations did not report on this, they are not managing their risks. They may be doing exactly that but simply neglected to mention it.

Annual reports reflect a point in time. The annual reports we reviewed were based on the 2000/01 performance plans. Those plans were the first attempt by government organizations to meet the spirit of the Budget Transparency and Accountability Act and, in many cases, they were hastily prepared. The quality of the annual reports we reviewed may simply reflect the quality of the plans they were based on. However, organizations have since learned more about the preparation of public plans. Planning staff have had the benefit, for example, of central agency guidance and have been able to share experiences and lessons learned from colleagues across government. Given this, we would expect future plans to provide the basis for better annual reports.

Performance measures may be provided, but they're not necessarily the right ones. Last year was the first time that organizations were required by law to make public their performance measures. Many organizations were not prepared for this. Rather than choosing the right measures, some organizations may have chosen measures based on the data they had available. This can have perverse effects if the aphorism "what gets measured gets managed" is true. Organizations need to know that it is acceptable to identify measures for which, as yet, they have no data. At the same time, they need to work toward collecting the data that will be most meaningful to legislators and the public.

This issue—whether the measures are relevant—also underscores the need for independent verification of the relevance, reliability and completeness of such performance information. Legislative auditors are moving to meet this requirement.

Is the Information Relevant and Reliable?

> *"A British Columbia Liberal Government will establish service plans that include measurable performance standards and targets for all programs that are annually audited and published, for all taxpayers to see."*
>
> The British Columbia Liberal's 2001 New Era Platform

To be used—and used properly—information must be credible. But how can one determine if it is? Often we must accept at face value the information that we're given, all the while knowing that data has certain limitations. Organizations can foster proper use of the information they provide by disclosing the source of the data and the extent to which its limitations affect assessments of their performance. That's why we think it's important for organizations to disclose information about the quality of the information found in their plans and reports.

While this disclosure will go some way to satisfying questions about credibility, there is also value in having an independent agency comment on the fairness and reliability of the information provided. In British Columbia, as elsewhere,

the government has indicated its desire for audited performance information. In Alberta and Quebec and at the federal level in Canada, it is the legislative auditor who provides this assurance. We believe the Auditor General of British Columbia, as the Assembly's independent auditor, should do so in this province.

Neither the Auditor General Act nor the Budget Transparency and Accountability Act addresses this issue directly. We believe an amendment to the latter could be made to include the Auditor General in the process of building better accountability plans and reports. For example, Section 15 (annual report on government strategic plan) and Section 16 (annual service plan reports for ministries and government organizations) might include a statement to the effect that "the annual report must include a summary statement of the assessment by the Auditor General of British Columbia of the fairness and reliability of the information."

A similar provision already exists in British Columbia and can be found in the Public Guardian and Trustee Act. It requires the Auditor General to report on the Public Guardian and Trustee's "statement of the extent to which the Office of the Public Guardian and Trustee has met the performance targets and other objectives established in the service delivery plan..." This first applies for the 2001/02 fiscal year. At present, the Public Guardian and Trustee is the only organization whose performance information must be commented on by the Auditor General. Amending the Budget Transparency and Accountability Act to require the Auditor General to comment on the fairness and reliability of performance information provided by ministries and government organizations will establish a common standard for all.

What Now? Using the Information

> *"We need to break out of this cycle and start using the performance information agencies produce as best we can. Once we do this, the agencies will start paying attention and will start producing much better information. We can't let a desire for perfection be the enemy of the good."*
>
> U.S. Senator F. Thompson, Chairman of the Senate Governmental Affairs Committee, on the U.S. Government Performance and Results Act, June 19, 2001

Of course, organizations will use their planning, monitoring and reporting information to make decisions about program choices and delivery, but performance information is also intended for the Legislative Assembly and the public. The Assembly can have a positive impact on the quality of performance plans and reports simply by using the information it receives. Ministries and government organizations will work harder to ensure that their plans and reports are complete, accurate and credible if they know that the information they provide is being used, whether for decision-making or debate about the direction and progress of an organization.

The recent amendment to the Budget Transparency and Accountability Act will likely have a similar effect. The plans of ministries, for example, must now include a statement,

signed by the responsible minister, indicating that he or she is accountable (1) for the basis on which the plan is prepared and (2) for achieving the specific objectives in the plan. A similar statement must be included in service plan reports indicating that the responsible minister is accountable for the actual results. Specified government organizations, such as Crown corporations, will be required to hold public meetings to present their annual service plan reports.

> *"[A]s the auditor general does more and more value-for-money audits . . . the majority of them should go to a committee that is structured for the purpose of the particular subject. The one on resource allocation within the Ministry of Forests that we dealt with early on—it was one of our first reports—should really have gone to a select standing committee on forestry. That's where there may have been some members with personal knowledge and experience. It would have been perhaps less money-focused and more outcome-focused if it had gone to a committee that has a different emphasis."*
>
> Fred Gingell,
> MLA of British Columbia,
> Chair of the Public Accounts Committee, 2nd Report of the PAC, January 31, 1996

But simply reporting to the Legislative Assembly is not enough to enable one to say that accountability to the public is complete. If the Assembly is to assess the performance of government, it must inform itself about what government intends to achieve and what it actually achieves. It can do so in several ways: through ministerial accountability, during Question Period, in Estimates debates, and in testimony before committees of the House.

The legislative committee system has the potential to be an effective vehicle for discussing the direction and progress of government's policies and programs. Legislators themselves have recommended changes to the way such committees operate. Some time ago, the Public Accounts Committee, for example, recommended that legislative committees be organized by sector, such as health, transportation or integrated resource management. The recommendation was that the short-and long-term plans and annual reports of ministries and Crown corporations be referred to the appropriate committee for review.

There are currently seven legislative committees to which the House may refer business. They include Aboriginal Affairs, Education, Finance and Government Services, Health, Crown Corporations, Public Accounts, and Parliamentary Reform, Ethical Conduct, Standing Orders and Private Bills. This is close to, but not quite, the sectoral approach recommended. The plans and reports of the British Columbia Ferry Corporation, for example, will be discussed by the Crown Corporations Committee, not a committee focused on the transportation sector. Moreover, it is not clear which legislative committee —if any—will review the plans and reports of the ministries. Currently, the plans and reports of the Crown corporations are automatically referred to the Select Standing Committee on Crown Corporations, but there is, as yet, no similar referral for ministry plans and reports.

An active legislative committee system will bolster the ability of the Assembly to carry out its role in ensuring the government's accountability to the people.

government's response

Treasury Board Staff, Ministry of Finance

I appreciate the opportunity to offer some comments on the Auditor General's report—*Building Better Reports—Public Performance Reporting Practices in British Columbia*. This response is based on the draft report provided to Treasury Board Staff.

The review has provided a helpful service by identifying positive reporting practices that can serve as examples for others as they strive to improve their plans and reports. That no ministry was picture perfect in all respects in these initial efforts is not, as you note, a cause for undue concern—we are in the early days of a process that will improve over time. We recognize that much needs to be done and learned as we move to develop and implement an effective, efficient and understandable planning and reporting framework.

You have also noted, quite correctly, that the government has placed significant emphasis on service plans and annual service plan reports, as reflected in the amended *Budget Transparency and Accountability Act*. In addition the government has passed the *Balanced Budget and Ministerial Accountability Act* which provides for collective and individual responsibility of all members of Executive Council. These represent a fundamental shift in the way government does business—with more emphasis on accountability for results.

I offer the following comments on your draft recommendations:

Recommendations 1 and 2:

1. ***We recommend that all ministries, government organizations, and government as a whole:***
    a. ***Use our criteria as a self-assessment tool to identify the strengths and weaknesses of their plans and reports.***
    b. ***Draw on the examples we cited when they develop their plans and annual reports.***
2. ***We recommend Treasury Board Staff and the Crown Agencies Secretariat incorporate our criteria in the service plan and annual service plan report guidelines they provide.***

I have grouped these recommendations together because they raise common issues. The criteria you have developed provide a helpful perspective, as does the work of the CCAF and other jurisdictions and organizations that have shared their assessment criteria. I believe you will see elements of the criteria developed by the Office of the Auditor General work their way into the guidelines

that we prepare. Having said that, we believe full implementation of the criteria may result in a level of detail that diminishes the goal of meaningful reporting. We will take into account the advice of the Office of the Auditor General as we work to put in place a workable set of criteria for the British Columbia government.

Recommendation 3 relates to the Crown corporation sector and will be responded to by the Crown Agencies Secretariat.

Recommendation 4:

4. ***The government support organizations in building their capacity in such areas as:***

   a. ***Three-year planning***

   b. ***Performance targets and measures***

   c. ***Reliability of data***

   d. ***Linking costs to goals...***

We appreciate your comments and agree that capacity should be reinforced in these areas, using the variety of guidance, training, and information sharing tools available. We currently have a small section within Treasury Board Staff dedicated to providing guidance and promoting training programs to assist ministries in these areas.

I note that recommendation 5 is directed to the Legislative Assembly and provides suggestions related to its role. I assume that this recommendation will be considered by legislators.

I would, however, like to comment briefly on recommendation 6:

6. ***We recommend that the*** **Budget Transparency and Accountability Act** ***be amended to require the Auditor General to comment on the fairness and reliability of the information that ministries, government organizations and government as a whole provide in their reports.***

You note in your report that the government, in its New Era document, made the commitment that: "A BC Liberal government will establish service plans that include measurable performance standards and targets for all programs that are annually audited and published, for all taxpayers to see." This commitment to openness and an auditing function stands. However, the most appropriate time to implement the audit oversight of ministry service plans has not yet been determined. In making this decision we will consult with the Office of the Auditor General.

There may be considerable merit to a phased process where service planning and reporting are allowed a period of time to evolve and stabilize before a regular auditing component for information in service plan reports is specified in legislation.

As in any new and rapidly evolving process, things will change significantly in the first few years as ministries determine 'what works' and 'what does not.' We expect there will be challenges in some areas, in particular developing measures relating to outcomes. It is appropriate to allow ministries some time to build their expertise and capacity, and sufficient flexibility to permit experimentation as they develop performance measures that work best for their programs, services and objectives.

As you have acknowledged, the current government has placed significant emphasis on the role of service plans in communicating priorities and being accountable for results. The initial set of three-year service plans will be released on February 19, 2002. It is expected that these plans will serve as a solid foundation for an ever improving planning and accountability framework that will meet the needs of British Columbians and their government.

I thank you again for the opportunity to comment on your draft report, and for the contribution it can make to improved service planning and reporting.

Crown Agencies Secretariat, Office of the Premier

Thank you for providing my office the opportunity to contribute to your report—*"Building Better Reports—Planning and Reporting Practices in British Columbia."*

We are particularly pleased that the initial efforts made by government organizations to provide the public and legislators with plans and annual performance reports were recognized. Most organizations published plans for the first time this year and it was a significant accomplishment that the majority met or exceeded the requirements of the *Budget Transparency and Accountability Act*.

We agree that the public and legislators should be provided with sufficient information to enable them to make informed judgements on the plans and performance of government organizations. This is an evolving process that will require a clear understanding of those needs and the organizational capacity to meet them. The establishment of a Select Standing Committee on Crown Corporations and your report are valuable contributions to this process.

Some progress has already been made with the development of new guidelines for service plans and annual service reports that build on previous guidelines which were developed for performance plans and annual reports. Both sets of new guidelines establish minimum content requirements based on the provisions of the *Budget Transparency and Accountability Amendment Act*, best management practices, guidelines and criteria used in other jurisdictions and advice received from government organizations. Given the accountability of

government organizations to produce service plans and annual service reports, the new guidelines were developed in consultation with an advisory committee of representatives of government organizations to ensure that the documents benefited from their expertise and would be understood and workable.

Government organizations operate in many sectors with different disclosure and reporting practices and have varied levels of experience and expertise in planning and reporting. Our approach, as reflected in the new guidelines, is to support the continuation or development of an integrated planning and reporting process in government organizations. These guidelines for service plans give the service plan a strategic focus and are intended to build on the experience which most government organizations have in developing strategic plans from which their annual business plans, budgets and annual reports evolve. The guidelines also envisage that the service plan will serve a dual purpose as an accountability and management tool.

We agree with your recommendation that guidelines provided to government organizations and criteria used to assess their service plans and annual service reports should be consistent. While there are similarities between guidelines that have been developed and your recommended criteria, some of the recommended criteria require the inclusion of information that is not consistent with current established reporting practices and could therefore not be included in guidelines that set minimum content requirements.

Further, adoption of all of the criteria your office has recommended would have placed significant additional demands on government organizations that the smaller organizations, in particular, do not currently have the capacity to meet. The new guidelines developed by Crown Agencies Secretariat (CAS) in consultation with an advisory committee, do encourage government organizations to exceed the minimum requirements and include additional information that is within their capacity and would, in their opinion, be beneficial for accountability and management purposes.

We note that your recommended criteria for service plans and annual service reports are intended to apply to both ministries and government organizations. Although both groups have the same accountability objectives, they have different systems and structures that, in turn, require that planning and performance information be reported differently. This was recognised by the inclusion of separate provisions for ministries and government organizations in the *Budget Transparency and Accountability Act* and the *Budget Transparency and Accountability Amendment Act* and by the provision of separate guidelines for both groups.

We agree that financial accountability is important. Information on the financial performance of government organizations is currently available to the Legislative Assembly and the public in the provincial estimates, government organizations' annual reports and quarterly financial reports published by the government. A minimum requirement for financial forecasts for the planning period has also been included in the new guidelines for service plans. The level of financial detail required, as a minimum, for the service plan is consistent with the strategic focus of the plan and strategic management objectives which are to provide management accountability for delivery of outcomes and results, i.e. the net benefits delivered. Inclusion of additional financial details would detract from communicating clear and strategic documents and bias the plan towards reporting on budget driven inputs.

Regarding your recommendation that my office should provide greater direction to Crown corporations on the issue of reporting where disclosure to do so might be harmful to the organization, direction is already provided on this issue in the *Budget Transparency and Accountability Amendment Act*. Section 10(5) which states that disclosure of specific information is not required or is prohibited if the information would not be required to be disclosed or is prohibited from being disclosed under the *Freedom of Information and Protection of Privacy Act* (FOI). Division 2 of the FOI Act sets outs in some detail, the exceptions and defines the information for which disclosure would be harmful to organizations. Boards of directors and senior management of Crown corporations, who are the most knowledgeable about the organization's activities and business environment, are required to make informed judgements within the framework of the FOI. However, given your recommendation, my office will consult with Crown corporations to determine if further direction is needed.

As you acknowledge in your report, providing good examples of plans and annual reports are helpful to government organizations, particularly those with less experience in planning and performance reporting. To assist in the preparation of performance plans and annual reports that were published earlier this year, my office provided all organizations with copies of plans and award-winning annual reports published by private sector and public sector companies in BC and other Canadian jurisdictions. The award programs were sponsored by the Auditor General of Canada and the Canadian Institute of Chartered Accountants. These examples as well as those cited in your report will continue to be available to government organizations.

We agree that continued support is also needed, particularly by smaller organizations, to build capacity to implement the *Budget Transparency and Accountability Amendment Act* and the guidelines. My office conducted four workshops for government organizations

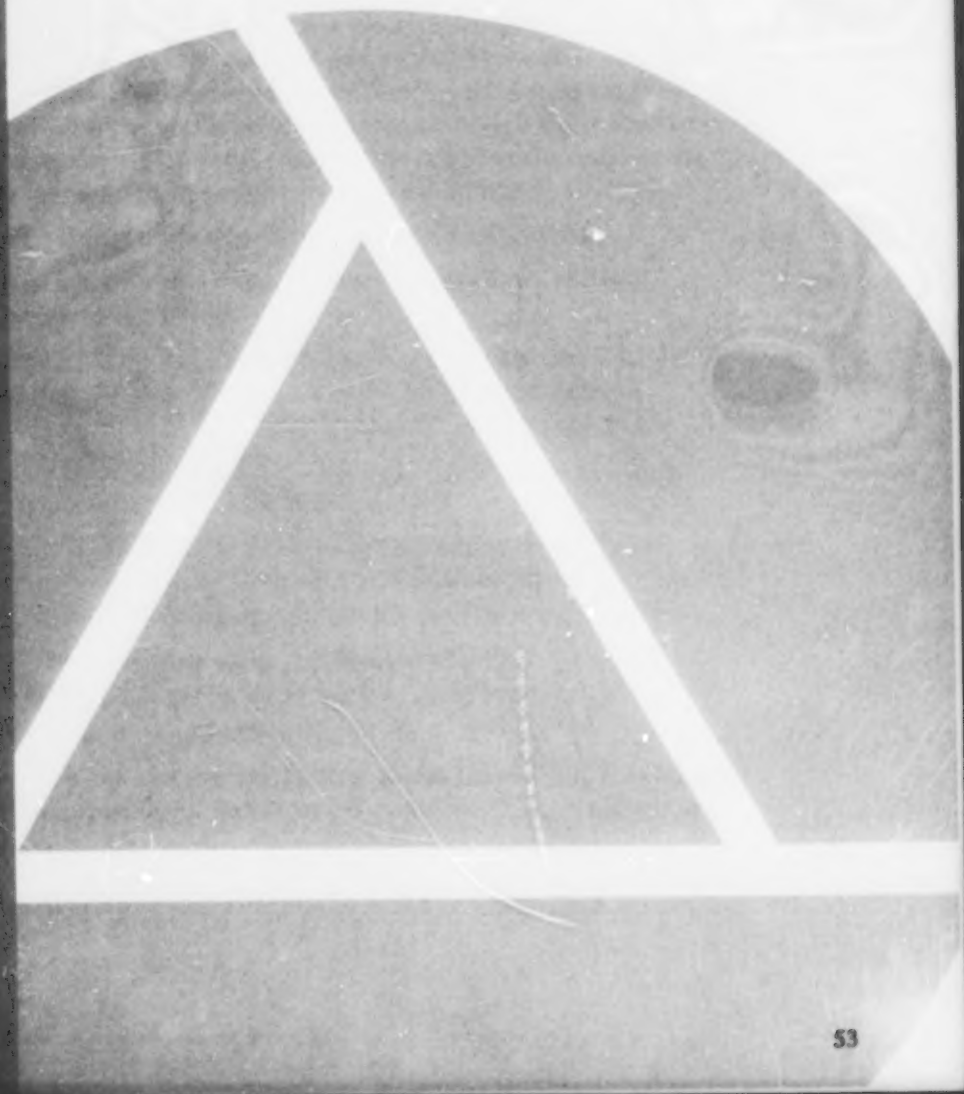
to assist in the development of 2001/02–2003/04 performance plans. The workshops featured presentations from government organizations, your office and practitioners on planning and performance measurement. The majority of organizations sent representatives to these workshops and feedback received was very positive. CAS therefore intends to continue this practice.

Your recommendations on the role of the Legislative Assembly will have to be addressed by the Legislative Assembly. In doing so, the following should be taken into consideration:

- Government organizations are accountable for developing and reporting on their service plans. There should therefore be consultation with government organizations and my office on these issues so that any decisions made are workable and understood.
- The annual reports of government organizations contain audited financial statements which are audited by external auditors including the Office of the Auditor General (OAG). The audit exercise includes an assessment of whether the information in the organization's annual report is an accurate and fair explanation of the financial statements.
- A requirement for the OAG to review all service plans and annual reports for ministries and government organizations imply that, given the legislative timelines, government organizations will have less time for the preparation of these documents. This could impact negatively on the quality of the information provided.

We recognize that consistent effort and ongoing dialogue are necessary to achieve the objectives of the *Budget Transparency and Accountability Amendment Act*. My office is committed to guiding and supporting the efforts of government organizations to develop service plans and annual reports required under the Act and look forward to working with you in this regard.

appendices



appendix a

How We Carried Out Our Review—Using the Assessment Guides

Objective

To help ministries and government organizations prepare plans and reports that will be informative and useful.

Scope

We selected a number of ministries and government organizations, and reviewed their 2000/01 annual reports and their 2001/02 to 2003/04 performance plans. We also examined the government's strategic plan for 2001 to 2004, the 2001 Budget Reports, and the Estimates and the Public Accounts for the 2001/02 fiscal year.

Methodology

We chose to carry out a review, rather than an audit, of the plans and reports that government provides. As part of this review, we developed assessment guides to assist those of our staff who would be responsible for reviewing the various performance plans and reports. The criteria contained in the guides came from several sources, including:

- The Budget Transparency and Accountability Act
- The Final Report of the Budget Process Review Panel, September 1999
- The Public Performance Reporting Program of CCAF-FCVI Inc., including two papers describing a management perspective and the perspective of Canada's legislative auditing community
- The General Accounting Office, USA
- The Accountability Framework set out in the Auditor General of British Columbia and Deputy Ministers' Council report, Enhancing Accountability for Performance, 1996

These sources were supplemented with information from other related subjects, such as good practice guides and reporting award programs.

We ensured our assessment guides passed the close scrutiny of the professional practices group in our Office, and within government we received comments and suggestions from both Treasury Board Staff and the Crown Agencies Secretariat. We also asked external advisors to critique our assessment guides

and criteria. Among those advisors were people from the Conference Board of Canada, CCAF-FCVI Inc., the Université du Québec, as well as the Chair of the Budget Process Review Panel.

The Assessment Guides

Two guides were created: one for reviewing the annual report of an organization, and another for the organization's latest performance plan.

Summary of Key Questions and Criteria Used

Performance Plans

Is It Clear What Public Purpose the Organization Serves, and How It Carries Out Its Role?

1.1 The what and the why of the organization is clearly described.

1.2 The way in which the organization delivers its programs and services is clear.

1.3 The organization explains the values by which it operates.

1.4 The organization acknowledges the legislation governing its behaviour.

1.5 The organization's operating environment, and how this has influenced its plan, is explained.

Is It Clear What the Intended Results Are Across the Organization?

Setting Goals and Objectives

2.1 The organization is clear about what it intends to achieve.

2.2 The organization explains how it intends to achieve its goals and objectives.

2.3 The organization is planning for the longer term.

2.4 The goals and objectives of the organization are aligned with the government's strategic plan for the Province.

Measuring and Monitoring Performance

2.5 The organization identifies the outcomes it is trying to achieve.

2.6 The organization measures its progress in achieving its goals and objectives.

2.7 The organization sets targets for its performance.

2.8 The organization provides baseline and trend data to put its targets in context.

Focusing on the Finances

2.9 The organization's goals and results are linked to financial costs.

2.10 The organization plans its financial situation.

2.11 There is a link between the organization's plan and the Estimates.

Is the Organization Being Transparent and Credible in Explaining Its Plan?

3.1 The plan is easily accessible.

3.2 The plan is easy to read and understand.

3.3 The plan explains the degree to which the performance data are reliable.

3.4 The plan is complete in what it covers.

Is It Clear Whether the Organization Has the Capacity to Deliver Services Now and in the Future?

4.1 The organization explains how it will address its capacity to deliver results in the future.

Annual Reports

Is It Clear What Public Purpose the Organization Serves, and How It Carries Out Its Role?

1.1 The what and the why of the organization is clearly described.

1.2 The way in which the organization delivers its programs and services is clear.

1.3 The organization explains the values by which it operates.

1.4 The organization's reporting relationships and governance structures are clear.

Is It Clear Whether the Organization is Achieving Its Intended Results?

Reporting on Goals and Objectives

2.1 The organization reports on its performance relative to its plan.

2.2 The organization reports on the full range of its responsibilities.

2.3 The organization reports on its operating environment, and how its environment has influenced its performance.

2.4 The organization demonstrates that it has met legislated requirements governing its behaviour.

Measuring and Monitoring Performance

2.5 The performance measures are focused on results rather than on activities.

2.6 The organization demonstrates that its actions have significantly contributed toward the achievement of its goals.

2.7 The organization provides baseline and trend data to put its performance in context.

2.8 The organization explains its shortcomings in achieving its plans and how it will deal with them.

Focusing on the Finances

2.9 The financial costs of meeting the organization's plan are reported.

2.10 The organization reports on its financial situation.

2.11 There is a link between the organization's annual report and the Public Accounts for the Province.

Is the Organization Being Transparent and Credible in Explaining Its Performance?

3.1 The report is easily accessible.

3.2 The report is easy to read and understand.

3.3 The report explains the degree to which the performance data are reliable.

3.4 The report is fair and balanced in its reporting.

Is It Clear Whether the Organization Has the Capacity to Deliver Services Now and in the Future?

4.1 The organization reports on its capacity to deliver results in the future.

appendix b

Organizations Included in Our Review

Our review of performance plans and annual reports was based on a limited number of ministries, Crown corporations and government organizations. We decided to focus on the larger ministries, given the size of their operations, the resources by which they are funded and the impact on the public of their programs and services. We wanted to ensure we reviewed a cross-section of Crown corporations; hence, we chose corporations from among the three categories: commercial Crown corporations; economic development Crown corporations; and social and government services, Crown corporations and agencies. We also assessed the plan and annual report of one agency—an organization that is neither a ministry nor a Crown corporation.

The organizations whose plans and annual reports we reviewed were:

British Columbia Building Corporation

British Columbia Ferry Corporation

B.C. Health Care Risk Management Society

British Columbia Housing Management Commission

British Columbia Hydro and Power Authority

British Columbia Lottery Corporation

Fisheries Renewal British Columbia

Insurance Corporation of British Columbia

Ministry of Advanced Education, Training and Technology (now the Ministry of Advanced Education)

Ministry of Attorney General (now the Ministry of Attorney General and the Ministry of Public Safety and Solicitor General)

Ministry of Children and Families (now the Ministry of Children and Family Development)

Ministry of Education

Ministry of Energy and Mines

Ministry of Finance and Corporate Relations (now the Ministry of Finance and the Ministry of Provincial Revenue)

Ministry of Forests

Ministry of Health and Ministry Responsible for Seniors (now the Ministry of Health Planning and the Ministry of Health Services)

Ministry of Social Development and Economic Security (now the Ministry of Human Resources)

Ministry of Transportation and Highways (now the Ministry of Transportation)

Office of the Auditor General of British Columbia

Tourism British Columbia

appendix c

Office of the Auditor General: 2001/02 Reports Issued to Date

Report 1

Managing Interface Fire Risks

Report 2

Transportation in Greater Vancouver:
A Review of Agreements Between the Province and TransLink, and of TransLink's Governance Structure